Project Narrative

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Project Abstract

Included as Attachment 1.

I. Project Narrative

On September 20, 2010, the U.S. Department of Health and Human Services (HHS) Office of Consumer Information and Insurance Oversight (now the Center of Consumer Information and Insurance Oversight or CCIIO) awarded the State of Missouri a $1,000,000 State Planning and Establishment Grant for Health Benefit Exchanges. Missouri's health insurance exchange (HIE) planning activities under the grant are overseen by Missouri's Health Insurance Exchange Coordinating Council (HIECC)[1], which includes the executive leadership from the Departments of Health and Senior Services (DHSS), Insurance, Financial Institutions and Professional Registration (DIFP), Social Services (DSS), Mental Health (DMH), MO HealthNet (the State Medicaid agency), and Budget and Planning.

Consensus seems to be emerging in both the legislative and executive branches of state government that as long as the Affordable Care Act (ACA) remains law, Missouri should act to establish a state-operated exchange rather than accept the default position of federal operation of an exchange within the State of Missouri as outlined in Section 1311 of the ACA.

Since September 2010, Missouri has significantly advanced its vision and planning for the ***Show-Me Health Insurance Exchange (Show-Me HIE)***. The State envisions a single, statewide exchange that establishes a framework in the Individual and Small Employer markets to maintain market stability, enhance free market competition based on value to consumers, ensure consumer choice and constrain the rate of growth of health care costs in Missouri.

The State's goals in establishing the Show-Me HIE are to improve health status and access to quality, affordable, health insurance coverage for all Missourians. Specific milestones in the State's planning process to date include:

- **Statewide Coordination:** The State retained an ***ACA Implementation Coordinator***, a full-time staff person whose responsibilities include overseeing the identification of ACA-related policy questions confronting the State and organizing the planning and soon to be started implementation work for Show-Me HIE. The ACA Coordinator has engaged project staff to support development and implementation of the exchange.

- **Leadership Delegation:** Under the HIECC, the State established four workgroups to address different components of exchange planning: ***(1) Exchange Operations; (2) Finance and Coverage; (3) Communications; and (4) Cost-Containment and Quality***.

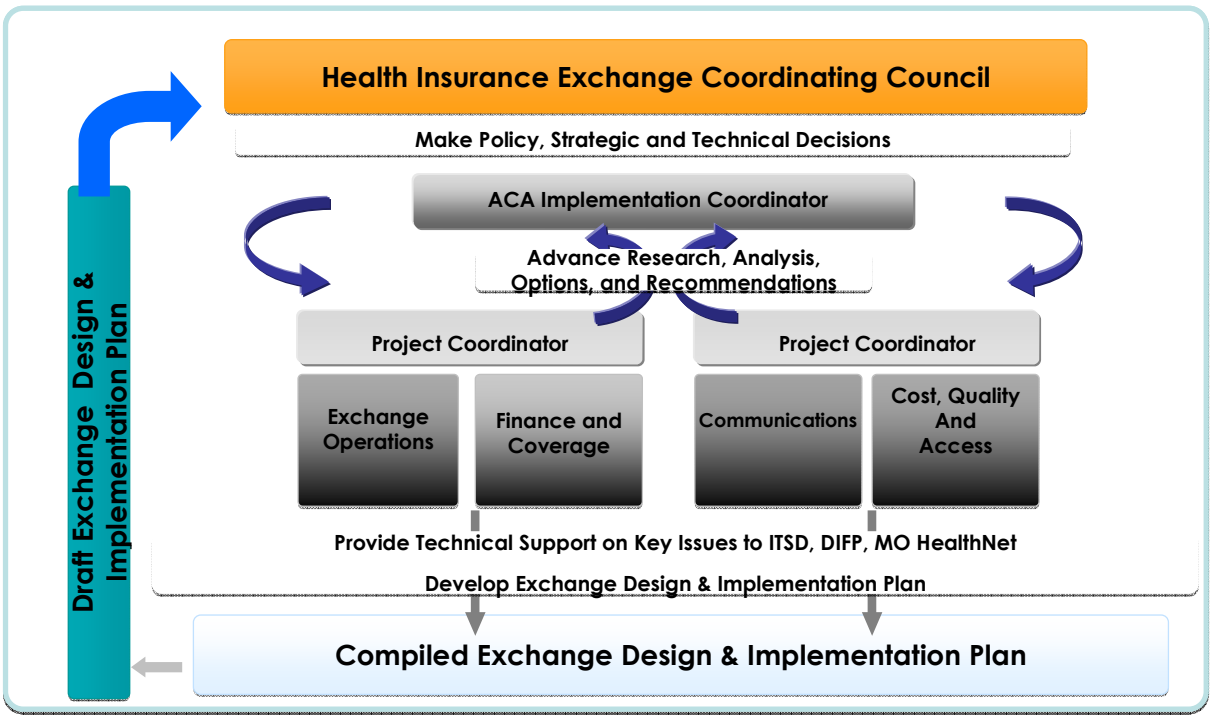
- **Consensus Agreements on Vision, Mission and Principles:** The State sought input from stakeholders to affirm a set of goals and principles for Missouri's exchange, embodied in the ***HIE Planning Concept Statement*** and the ***Vision, Mission and Principles Statement*** (Attachments 2 and 3).

- **Professional Expertise:** After reviewing proposals from nine leading consulting firms and conducting a series of in-person interviews, the State ***assembled a team of skilled consultants*** to provide integral support to the HIECC and its workgroup infrastructure. Consultant services are facilitated through funding from the federal exchange Planning grant and from the Missouri

[1] Formerly the Health Care Cabinet (HCC).

Foundation for Health. The following graphic provides a depiction of the State's organizational infrastructure for conducting exchange planning work:

Figure 1: Missouri HIE Planning and Implementation Infrastructure



- **Strategic Workplan:** The State has ***developed a comprehensive workplan*** for exchange planning activities during the Planning grant project period. The workplan outlines HIECC and workgroup activities, deliverables, timelines and responsible parties and is updated on an ongoing basis, including incorporation of evolving CCIIO milestones for exchange development. A copy of the State's workplan, which the HIECC updates on a continuous basis, is provided as Attachment 4.

Relying on this robust working structure and guided by its vision, mission and principles statements, the State of Missouri has made significant progress in planning the "Show-Me HIE" and is nearing the end of its initial planning process. The State anticipates that its Planning grant funds will be fully expended in August of 2011. In order to continue progress toward the goal of a Missouri created and run exchange within the timelines outlined in the ACA, including development of a "state-of-the-art" information technology system, it is imperative that Missouri pursue funding to continue building on the momentum achieved through its planning process. Therefore, on behalf of the State of Missouri, the Missouri Health Insurance Pool (MHIP)[2], submits this application to enter into a Cooperative Agreement with HHS for a 12-month, Level One Establishment award of $24.7 million to advance its exchange

[2] MHIP is a Missouri quasi-governmental organization established as a nonprofit entity by the State of Missouri under RSMo §376.961. MHIP is required by the same statute to have State oversight through a nine-person Board of Directors (BOD). Every person on MHIP's BOD is either a public official or a designee of a public official. Missouri statute mandates that the BOD's director be the Director of DIFP or the Director's designee and also requires the Director to appoint the remaining eight Board members.

development and implementation work. If awarded the funds requested under this project proposal, the State of Missouri will be able to continue progress toward the potential establishment of a state health insurance exchange, while providing the opportunity for its State Legislature to craft authorizing legislation that shapes key design features of a Missouri exchange. The State of Missouri proposes to use grant funding to support exchange establishment activities, including:

- Building the exchange Information Technology (IT) System infrastructure;
- Hiring key professional staff and related costs required to establish the operational and financial infrastructure of the exchange. To the extent possible, the State intends to build on current government staff and infrastructure as the exchange staff and infrastructure;
- Supporting ongoing operations and expansion of the State's Consumer Assistance Program (CAP);
- Engaging stakeholders and the public in the activities of the exchange;
- Establishing the appropriate levels of financial oversight and control to ensure program integrity;
- Engagement of consultants to continue the research and analyses begun during the exchange planning phase to inform State policy decisions with respect to exchange development, plan for the start up of operations, and continue the necessary project management and oversight; and
- Developing criteria and processes for key exchange functional areas including qualified health plan (QHP) certification, procurement, quality rating, and navigator program.

Missouri's Show-Me HIE progress has been significant to date. Progress in the areas of planning activities along with achievements of key milestones under each Core Area are discussed in the remainder of this section. The Missouri proposal is also summarized by core area, to meet program requirements and milestones for the period of the Cooperative Agreement award.

A. Background Research

1. Demonstration of Progress

a. Missouri Insurance Market Analysis

The State has worked with the Urban Institute and Wakely Consulting to complete the background research necessary to inform the design and implementation of the Show-Me HIE. Missouri has completed a comprehensive report of the small group, individual non-group, and the High Risk Pool markets. The report describes current regulations and characteristics associated with the individual and small group markets, summarizes the ACA market reforms, and analyzes the current level of health insurance competition in the State.

Missouri's current small-group health insurance market is highly concentrated, with the two largest insurers in each metropolitan statistical area (MSA) market in the State having a majority of the market share, ranging from 51 percent in Kansas City to 84 percent in Jefferson City and St. Joseph. Market share data suggest that the individual (non-group) market in Missouri is more concentrated than the small group market. Additionally, Missouri's current health insurance market is characterized by considerable variation in benefits and premiums.

ACA health insurance market reforms, essential benefit mandate, and creation of the Show-Me HIE will have significant implications for the market. Examples include:

- Significantly reduced premium variation in the small group and individual markets in Missouri and broader based, more heterogeneous risk pools;
- Significantly more affordable and accessible coverage for Missourians with high health care costs; and
- Broader choice of adequate coverage options.

The HIECC is using this foundational research to identify a number of key information gathering activities to measure market improvements for consumers and inform its health insurance exchange strategy and operations as Missouri moves forward with implementing its Exchange, including:

- Development and implementation of a plan for collecting and processing data to improve the health status of all Missourians;
- Identification of benchmarks that can be used to promote efficiency in the medical marketplace; and
- Development and regular updating of tools that help consumers identify the plan that best suits their needs, including information on which plan networks include their doctor, which plan formularies cover their prescription drugs, comprehensive and understandable plan benefit comparison tools.

A copy of the full ***Overview of the Missouri Small Group and Non-Group Health Insurance Markets*** report is provided as Attachment 5.

b. Coverage Projections in Missouri Under the ACA

The State has engaged the Urban Institute to develop a Missouri-specific version of their Health Insurance Policy Simulation Model (HIPSM) to evaluate how health insurance coverage and costs in Missouri will be affected by implementation of the ACA. For ease of comparison, HIPSM-MO simulations of the ACA done to-date are produced as if the ACA was fully implemented in 2011 and these estimates are contrasted to the model's Missouri-specific pre-reform baseline. Multi-year provisions such as Medicare and Medicaid savings and cost-containment programs are **not** incorporated in the single-year simulations.

HIPSM simulates the decisions of employers, families, and individuals to offer and enroll in health insurance coverage. The model is designed to demonstrate the impact of policy on government and private health care spending, uncompensated care costs, health insurance premiums in employer and individual non-group health insurance risk pools, rates of employer offers of coverage, and health insurance coverage. The model uses data from several national data sets. It relies primarily on the Current Population Survey (CPS) Annual Social and Economic Supplement, but data from several other surveys are matched to the CPS. The model includes a detailed simulation of Medicaid eligibility and enrollment, including eligibility rules for each state and an adjustment for the undercount of Medicaid on the CPS. To calculate the impacts of reform options, HIPSM uses a flexible new simulation approach based on the relative desirability of the health insurance options available to each individual and family under reform. The approach (known as a "utility-based framework") allows new coverage options to be assessed without simply extrapolating from historical data as in previous models. Within HIPSM, health

insurance decisions made by individuals, families, and employers are calibrated to findings in the best empirical economics literature.

Preliminary HIPSM-MO results indicate that a standard implementation of the ACA would decrease the number of uninsured in Missouri from 802,000 to 306,000 (Table 1). The gains in coverage are primarily attributable to increased enrollment in Medicaid through the national eligibility expansion, as well as increased enrollment in the individual and small group market in the health insurance exchange through the availability of individual subsidies and tax credits. HIPSM projects Medicaid enrollment to increase from 809,000 to 1,229,000, and total enrollment (including individual non-group and small group) in the exchange to be 565,000.

Table 2 shows that the vast majority of the cost of the ACA will be federally financed through funding allocated under the ACA for expanded Medicaid eligibility, cost-sharing and premium subsidies, employer subsidies. Post-reform, HIPSM estimates modest decreases in employer spending (-0.6%) and modest increases in individual and household spending (2.6%). The employer savings are due to a decrease in average premiums, whereas the increase in individual spending is primarily attributable to additional premium and cost-sharing spending for the newly insured population. However, individuals with family income below 200 percent of the federal poverty level would spend less on health care post-ACA (data not shown) because of the Medicaid expansion and generous premium and cost-sharing subsidies. State spending is expected to increase slightly due primarily to the increased participation among Missourians currently eligible for MO HealthNet. Total uncompensated care would decrease by $699 million in response to the decrease in the uninsured population.

Table 1: Health Insurance Coverage Distribution of the Non-Elderly in Missouri, in Baseline and Reform

Table 1. Health Insurance Coverage Distribution of the Non-Elderly in Missouri, in Baseline and Reform

	Without Reform		With Reform*		*Change*	*Percentage-Point Change*
Insured	**4,348,000**	**84.4%**	**4,845,000**	**94.1%**	**496,000**	**9.6%**
Employer (Non-Exchange)	3,045,000	59.1%	2,792,000	54.2%	*-253,000*	-4.9%
Employer (Exchange)	0	0.0%	195,000	3.8%	*195,000*	3.8%
Non-Group (Non-Exchange)	285,000	5.5%	49,000	0.9%	*-236,000*	-4.6%
Non-Group (Exchange)	0	0.0%	371,000	7.2%	*371,000*	7.2%
Medicaid/CHIP	809,000	15.7%	1,229,000	23.9%	*420,000*	8.1%
Other (including Medicare)	210,000	4.1%	210,000	4.1%	*0*	0.0%
Uninsured	**802,000**	**15.6%**	**306,000**	**5.9%**	***-496,000***	**-9.6%**
Total	***5,151,000***	***100.0%***	***5,151,000***	***100.0%***	***0***	**0.0%**

Source: Urban Institute analysis, HIPSM 2011.
Note: We simulate the provisions of the Affordable Care Act fully implemented in 2011.

Table 2: Health Care Spending of Government, Employers, Individuals, and Uncompensated Care in Missouri, in Baseline and Reform

	Baseline (in millions)	Post-Reform (in millions)	*Change (in millions)*	*Percent Change*
Net Spending by Category				
Net Government Spending	$7,013	$9,132	*$2,119*	*30.2%*
Federal Share	*$4,432*	*$6,409*	*$1,978*	*44.6%*
State Share	*$2,582*	*$2,723*	*$141*	*5.5%*
Net Employer Spending	$10,417	$10,199	*-$218*	*-2.1%*
Total Individual Spending	$7,575	$7,833	*$258*	*3.4%*
Total Uncompensated Spending	$1,149	$488	*-$661*	*-57.5%*
Overall Spending	**$26,154**	**$27,652**	***$1,498***	***5.7%***

Source: Urban Institute analysis, HIPSM 2011.
Note: We simulate the provisions of the Affordable Care Act fully implemented in 2011.
a. Spending on acute care costs for the non-elderly

These preliminary findings have been reviewed and discussed with the Exchange Planning Workgroups, the Medicaid and HIE Eligibility and Enrollment Users Group and the HIECC's stakeholder advisory group. A full preliminary coverage and cost analysis is provided as Attachment 6.

2. Proposal to Meet Program Requirements

Using Exchange Establishment grant funding, the Urban Institute and Wakely Consulting will develop policy memoranda that address the following issues related to Missouri's exchange:

- The advantages and disadvantages of a bi-state or regional exchange approach for serving certain metropolitan areas of the State;
- The options available with regard to the roles of agents and brokers in the exchange;
- Identifying risk areas and the development of policy options to guard against adverse selection, both between plans participating in the exchanges and between the exchange and non-exchange markets; and
- The development of transitional reinsurance programs for individual and small group markets.

In addition, the Urban Institute will conduct analysis regarding the impact of the ACA provisions on the Missouri insurance market to support development of key policy options. Such analysis shall include:

- Evaluation of ACA provisions that impact premium rating options and uniform underwriting rules for the small group, individual and exchange markets;
- Evaluation of the impact of modified community rating on premiums of the healthy; and
- Analysis of the cost implications of offering a benefit package to Medicaid beneficiaries that would be comparable to the Essential Benefit package as well as the cost of providing enhanced provider payment levels, especially to physicians, in the Medicaid program.

B. Stakeholder Involvement

1. Demonstration of Progress

The State has organized and begun regularly convening two external stakeholder groups to inform and guide its exchange planning process. These groups include membership from ACA-mandated stakeholder groups, including: health care consumers and consumer advocates; individuals/entities with experience facilitating enrollment; representatives of small businesses; and State Medicaid officials.

The first stakeholder group, the ***Health Insurance Advisory Committee (HIAC)***, is comprised of 20 members including statewide representatives of private health insurers, agents, the Missouri Consolidated Health Care Plan (MCHCP, the State and municipal employee health plan), the Missouri Hospital Association, the State Medical Association, and other provider and consumer organizations. This group has met three times in the past six months to discuss exchange planning (meetings were held on September 9, 2010, November 8, 2010 and February 4, 2011). The HIAC meets either in person or via webinar. Stakeholder group membership and meeting summaries are provided as Attachment 7.

The State has also assembled a ***Medicaid and HIE Eligibility and Enrollment Users Group***, comprised of 22 members including statewide consumer representatives, health and children's advocates, provider organizations including the Missouri Primary Care Association, safety net providers, and public insurance health plans. The group's input on issues such as integration of policies, program features, and administrative infrastructure between Medicaid and the exchange has helped inform and guide HIECC planning activities and decisions. This group has met three times in the past six months to discuss exchange planning (meetings were held on February 3, 2011, April 7, 2011, and June 16, 2011). The Medicaid and HIE Eligibility and Enrollment Users Group meets either in person or via webinar. Stakeholder group membership and meeting summaries are provided as Attachment 8.

State leadership, project staff and consultants participate in stakeholder meetings. Agendas are structured with three goals in mind:

1. To provide stakeholders baseline information regarding exchanges including the requirements of the ACA, emerging federal guidance and developments and activities in other states;
2. To update stakeholders on Missouri planning activities and ensure transparency in State deliberations and decision making; and
3. To obtain stakeholder input into information gathering and decision making processes on the key policy and operational issues related to exchange planning and implementation.

Stakeholders have provided feedback on various elements of exchange design and planning including:

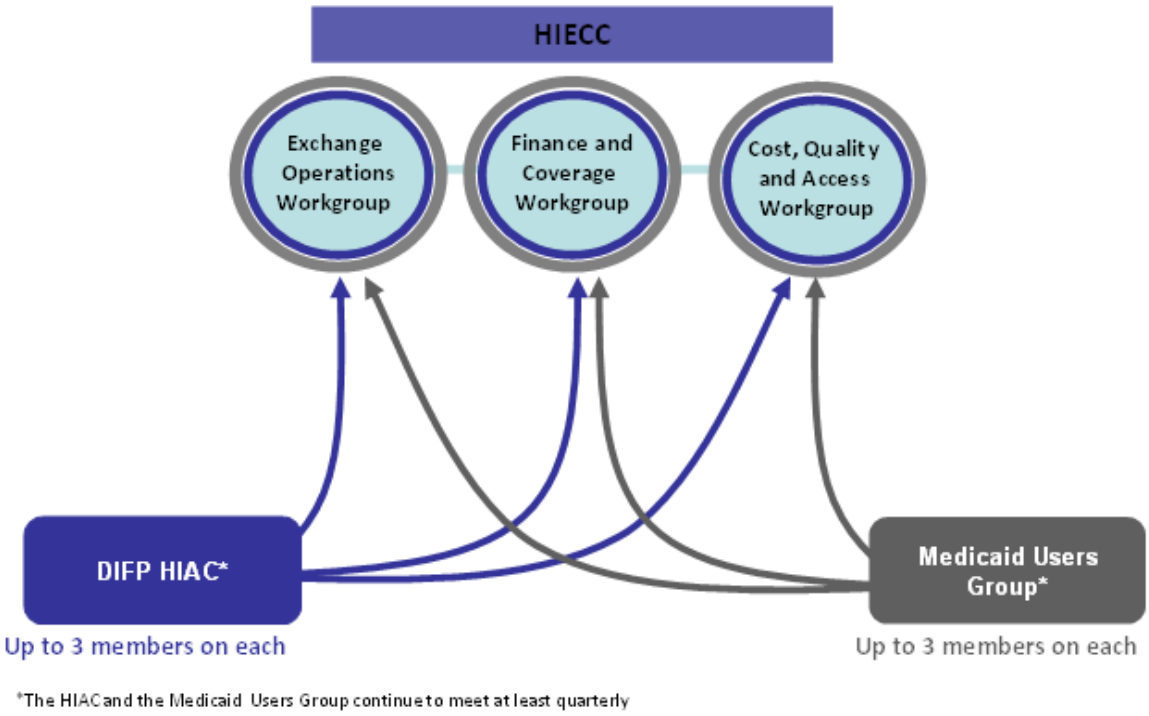
- HIE Planning Concept and Vision, Mission and Principles Statements;
- The operational infrastructure of the exchange and opportunities for consolidation of program administration across Medicaid, MCHCP and the exchange;
- Governance and organizational structure of the exchange; and,
- Policy considerations related to Medicaid benchmark benefit design and Medicaid purchasing in the Show-Me HIE.

Missouri's Establishment grant application also benefitted from stakeholder input. Prior to submission, the draft application was reviewed and discussed at a meeting of the Medicaid and HIE Eligibility and Enrollment Users Group and distributed to stakeholders for review and comment.

In order to provide "level setting" for stakeholders, content-driven presentations have been provided at stakeholder meetings. Topics have included federal ACA requirements for the exchange; Exchange Establishment Grant requirements; lessons for Missouri from operational exchanges in other states; and continuity of coverage issues and national data on churning.

The State has further engaged stakeholder involvement in the exchange planning process by inviting representatives of the HIAC and the Medicaid and HIE Eligibility and Enrollment Users Group to participate in the HIECC workgroups. Three members from each stakeholder group participate on each of the three following workgroups: Exchange Operations; Finance and Coverage; and Cost, Quality and Access.

Figure 2: Stakeholder Engagement Structure



The State is in the process of setting up a public website for Workgroup members, stakeholder groups, and the general public. The website will include Workgroup charters and membership; the summary work plan and timeline for exchange planning; future meeting dates; meeting agendas, presentations, materials and summaries; the Planning and Establishment grant applications and supporting appendices; solicitations for information or proposals related to exchange planning; and targeted background materials related to the ACA and exchange requirements. The website also will provide a forum for stakeholders statewide to give feedback on an ongoing basis. The website will include specific features to enable access for individuals with disabilities, in compliance with Section 508 of the Rehabilitation Act of 1973.

Finally, members of the HIECC have provided information and support to legislators in the Missouri General Assembly as that body has considered and developed legislation to establish the Show-Me HIE. As part of these efforts the State has developed educational materials on the exchange for the public and stakeholders, including a "Show-Me HIE Q&A" document.

2. Proposal to Meet Program Requirements

As part of its Stakeholder involvement activities under this Exchange Establishment grant, the State is committed to continuing and amplifying stakeholder engagement as planning and implementation of the Show-Me HIE advances. As described above, the State is convening two formalized, external stakeholder groups that meet on a regular basis. The meeting schedule and consultation topics will be re-evaluated periodically to ensure they can be leveraged maximally to contribute to the planning and implementation process. Furthermore, the State will convene ad hoc meetings with dedicated groups – such as health plans, providers, and consumer representatives – to facilitate deeper dialogue and leverage expertise on targeted topics, such as the exchange's QHP certification standards, guidelines for QHP quality improvement and incentive programs, eligibility determination appeals processes and implementation of the ACA's "no wrong door" requirements.

C. State Legislative/Regulatory Actions

1. Demonstration of Progress

During the recently concluded session of the Missouri General Assembly, House Bill 609, legislation establishing a State-based health insurance exchange was unanimously passed by the House of Representatives and approved by the Senate Committee on Small Business, Insurance and Industry without a dissenting vote. The legislation, despite support of many stakeholders, did not obtain final approval. The actions of the General Assembly demonstrate strong support for the establishment of a state-based health benefit exchange to serve the citizens of the State of Missouri unless, in the words of House Bill 609: "the federal act in its entirety or Section 1311 of the federal act is declared to be unconstitutional or otherwise invalid by the United States Supreme Court or is repealed by the United States Congress." In the nine months since Missouri was awarded its Exchange Planning Grant, consensus has emerged among State legislators and stakeholders that as long as the ACA remains law, Missouri should act to establish a state-operated exchange.

In June 2011, the Missouri Senate created the Senate Interim Committee on Health Insurance Exchanges to "explore Missouri's options on the establishment of a health insurance exchange and to study the effect of existing state law on same." The Committee will hold meetings throughout the State, including St. Louis, Kansas City and Jefferson City. Additional information is available on the Committee website: http://www.senate.mo.gov/11info/comm/interim/sihi.htm.

2. Proposal to Meet Program Requirements

It is the intent of the Executive branch to continue to work in partnership with the legislature, as well as stakeholders and experts across the State, towards the establishment of a statewide health insurance exchange and evaluation of key design and policy options to inform the debate regarding the design of a Missouri exchange. The HIECC will work with the General Assembly, including the Senate Interim Committee on Health Insurance Exchanges, during the legislative interim period and during the 2012 legislative session to advance deliberations related to the Show-Me Health Insurance Exchange

establishment legislation while vital research and systems development funded through this grant moves forward.

D. Governance

1. Demonstration of Progress

The State of Missouri continues to work with the legislature, stakeholders and experts to establish a governance structure for the exchange.

The ACA requires that a State Exchange shall be a governmental agency or a non-profit entity established by the State. Multiple models are emerging nationally for exchange governance, including those articulated in model legislation prepared by the National Association of Insurance Commissioners (NAIC) and the National Association of Social Insurance (NASI). To inform Missouri's decision making regarding the governance structure most appropriate for the Show-Me HIE, the HIECC evaluated these emerging exchange governance models. The HIECC also evaluated governance constructs reflected in existing state exchanges and health authorities nationally against a common set of organizational and governance criteria. These governance analyses are provided as Attachment 9. Specific descriptive criteria included:

- organizational model (government agency, quasi-governmental agency or private entity);
- applicability of state procurement and civil service rules;
- methods for selection of initial board members and succession;
- board membership, including selection criteria related to expertise, stakeholder groups, and representation of elected and appointed government officials; and
- conflicts of interest rules.

Using this framework, the HIECC is continuing to assess existing insurance exchange and health authority models in states across the nation and to determine the preferred governance model for Missouri.

The governance structure outlined in Missouri's proposed exchange authorizing legislation provides a starting point for these continued discussions. The ***Show-Me Health Insurance Exchange Act (House Bill 609)*** proposed a quasi-governmental exchange structure featuring a 17-member board of trustees representing State agency directors, legislators, industry representatives and consumers:

- The directors of the following departments as ex officio members:
    - Social Services, Insurance, Financial Institutions and Professional Registration (vice chair), Mental Health, Health and Senior Services;
- Two members of the house of representatives, one from the majority party and one from the minority party, to be appointed by the speaker of the house;
- Two members of the senate, one from the majority party and one from the minority party, to be appointed by the president pro tem of the senate;
- Nine members to be appointed by the governor with the advice and consent of the senate:
    - A representative for licensed health insurance producers;
    - A representative for licensed health insurance issuers that is ranked as one of the top ten health insurance issuers;

- A representative of a licensed health insurance issuer that is ranked between eleven and twenty health insurance issuers;
- A public health consumer advocate;
- A large employer representative;
- A small employer representative;
- An individual with expertise in administering and negotiating health plan contracts on behalf of employees; and
- Two at-large members.

The articulated purpose of this board would include implementing the exchange and carrying out the functions of the exchange in a fair and impartial manner in order to execute a more competitive insurance marketplace.

2. Proposal to Meet Program Requirements

Through the HIECC and the stakeholder work groups, and in consultation with the State legislature, Missouri will continue to make progress in developing a governance structure to meet the requirements under the ACA and comport with Missouri's "Exchange Vision, Mission and Principles" statements. In establishing the governance model, the State will determine standards for the Exchange governing body that will ensure public accountability, transparency and prevention of conflict of interest.

E. Program Integration

1. Demonstration of Progress

The State recognizes the rich opportunities for collaboration, coordination, and integration of the Show-Me HIE with State health and human services programs, including:

- Governance structure: Ensuring cross-agency representation in exchange governance, including representation of DSS, DHSS, DMH, DIFP and the Office of Administration's Budget Division;
- Administration of state subsidized health insurance programs: seeking opportunities to consolidate and align similar administrative functions across the State's Medicaid program, State employee health benefit program(s), and the new exchange; and
- Eligibility and enrollment: Providing seamless, integrated and consumer-centric eligibility and enrollment functionality in the exchange for all consumers, regardless of the subsidy for which they are eligible.

To fully explore and leverage these opportunities, the State is planning the Show-Me HIE using an approach that fully integrates and coordinates DSS, MO HealthNet, DIFP and other health and human services programs.

HIE Planning Oversight Body: The State's primary planning body, the HIECC, is comprised of the leadership of DSS, DIFP, the State Medicaid Agency, DMH, DHSS and the Office of Administration's Budget Division. The HIECC also includes the State Health IT Coordinator. The HIECC oversees four workgroups that drive the State's exchange planning process. These workgroups also comprise participation of staff members from State agencies including: DIFP, DSS, DHSS, DMH, the Office of Administration's Budget Division, the Office of Administration's Information Technology Services Division (ITDS) and MCHCP.

State Program Administrative Integration and Alignment: A key principle in the Show-Me Exchange's Vision, Mission and Principles Statement is a commitment to "gain efficiencies through integration of State programs" including MO HealthNet, MCHCP and MHIP. Specifically, the State, together with its consultants, has conducted an assessment of IT and operating infrastructure within these existing State agencies to determine those resources that can be leveraged, repurposed for, or consolidated with the Show-Me Exchange. The results of this operating capacity assessment, including opportunities to consolidate with and/or support HIE business functionality, are referenced throughout this application for Establishment grant funding.

Medicaid Eligibility Business Process Analysis: The HIECC engaged Manatt Health Solutions (Manatt) to conduct a comprehensive eligibility and enrollment business process landscape scan for MO HealthNet for Families and MO HealthNet for Kids, the State's Medicaid and Child Health Insurance Program (CHIP) programs. This analysis is central to the systems and process planning to meet ACA "no wrong door" eligibility and enrollment requirements. Through these work products and analyses of state statute, regulations and policy documents as well as interviews with key agency staff, Manatt produced an assessment of current program rules and business processes and cross-walked these with ACA requirements to determine gaps Missouri must bridge to integrate eligibility across the full continuum of health insurance coverage, including Medicaid, CHIP, and subsidized and non-subsidized coverage in the exchange, by 2014. This work is summarized in a report that advances recommendations and a plan for the Show-Me Exchange to meet eligibility requirements of the ACA. The report conclusions and recommendations are described in detail in Section K (11) of this application.

IT Gap Analysis: The State engaged KPMG to conduct an IT Gap Analysis that includes a complete assessment of existing Medicaid eligibility systems and their ability to integrate with or support exchange eligibility functionality. The State's IT Gap Analysis is summarized in Section F of this application.

Purchasing Integration and Alignment. The State engaged Alicia Smith and Associates to develop innovative approaches to Medicaid purchasing and benefit package design that will leverage the purchasing power and integration opportunities for MO HealthNet. The State's goals are to develop policy options to expand access to critical health care services for Medicaid beneficiaries through enhanced provider reimbursement and to mitigate transitions among subsidy levels for the lowest income Missourians. The State seeks to ensure that all consumers have stability, continuity and quality of coverage and care as it implements the Show-Me HIE.

To develop benefit and purchasing strategies to facilitate continuity of coverage and care for all consumers, the HIECC has convened several meetings to discuss benchmark benefit design for new eligibles and how benchmark benefits relate to both essential health benefits and Missouri's traditional Medicaid benefit package. The HIECC is interested in developing policy options for maximizing insurance carrier participation in both the exchange and Medicaid. The State intends to engage stakeholders in discussion of these options during the Establishment grant period.

In order to be consistent with provisions of the State's proposed exchange authorizing legislation, House Bill 609, the State's purchasing strategy will reflect the following principles:

- MO HealthNet plans will be maintained in a separate and distinct risk pool within the exchange from all other qualified health plans and qualified dental plans;

- An insurer participating in the exchange will not be required to offer a health plan to MO HealthNet beneficiaries;
- If the exchange contracts with MO HealthNet, MO HealthNet beneficiaries may enroll with any plan offered by an insurer that contracts with MO HealthNet; and,
- A state employee may be authorized to select a qualified health plan or dental plan through the exchange.

2. Proposal to Meet Program Requirements

Missouri will use Establishment grant funding to maintain and further develop a planning and implementation infrastructure that promotes program integration.

As the State moves to the build phase of its exchange IT project, it is assembling an exchange IT User Group that will have a key role in IT Governance decisions impacting State agencies, and the procurement process to secure system components for no wrong door eligibility determinations. The State's IT User Group includes the following representatives:

- Alyson Campbell, Department of Social Services, Family Support Division, Chair;
- Susan Eggen, Department of Social Services, MO HealthNet Division (Medicaid);
- Doug Young, Office of Administration, Information Technology Services Division;
- Matt Dudzik, Office of Administration, Information Technology Services Division;
- Bruce Lowe, MCHCP;
- Dwight Fine, Show-Me HIE;
- Emily Rowe, Department of Social Services, Family Support Division;
- Billie Waite, Department of Social Services, MO HealthNet Division (Medicaid);
- Matt Barton, Department of Insurance, Financial Institutions and Professional Registration;
- Bobbie Jo Garber, Department of Health and Senior Services; and
- Jan Heckemeyer, Department of Mental Health.

F. Exchange IT Systems

1. Demonstration of Progress

Missouri has begun developing business requirements for exchange IT systems that comply with standards endorsed or adopted by the HHS Secretary pursuant to Sections 1104 and 1561 of the ACA, Health Insurance Portability and Accountability Act of 1996 (HIPAA) transaction standards, standards to ensure accessibility, and security and privacy standards consistent with federal law.

a. Overview

The State established an IT Work Team under the HIECC Exchange Operations Workgroup to focus on the exchange's technical infrastructure. The State's IT Team worked with Wakely Consulting, KPMG, and Manatt to develop an initial HIE Information Infrastructure Plan. Based on federal guidance and state IT analysis practices, the following steps have been taken as core planning for the Exchange IT System:

- Current State Assessment: Assessed current system capabilities and reviewed analogous existing efforts

- To-Be Architecture: Developed an exchange "to-be" architecture and technical roadmap
- Gap Analysis: Defined specific current state functional and system gaps; identified system and implementation options to close identified gaps and realize the technical roadmap
- Applicable Standards: Reviewed state and federal standards used in current systems
- Resource Planning: Identified and estimated system design, development and implementation resources

The State also engaged and solicited feedback from internal and external stakeholders including current operating units, state employee managed health care organizations, and external subject matter experts to identify both existing capabilities and new capabilities that the State will need to support new processes emerging from the exchange functions.

Lastly, the State conducted an analysis of the seven Early Innovator grantees' proposals to identify technical components, design principles, and IT readiness elements that the Show-Me HIE could leverage or adapt. This analysis provided important insight into those states with similar architectures to Missouri, and a review of those states' approaches and implementations enabled Missouri to identify IT components that might be reusable for Exchange functionality, as well as overall best practices. Because Missouri borders and shares a large metropolitan area with Kansas, one of the Early Innovator grantees, Missouri is currently in discussions with Kansas to explore potential exchange partnership opportunities with a particular focus on Kansas's Early Innovator grant activities. Findings from the analysis of Early Innovator proposals are included in Attachment 10.

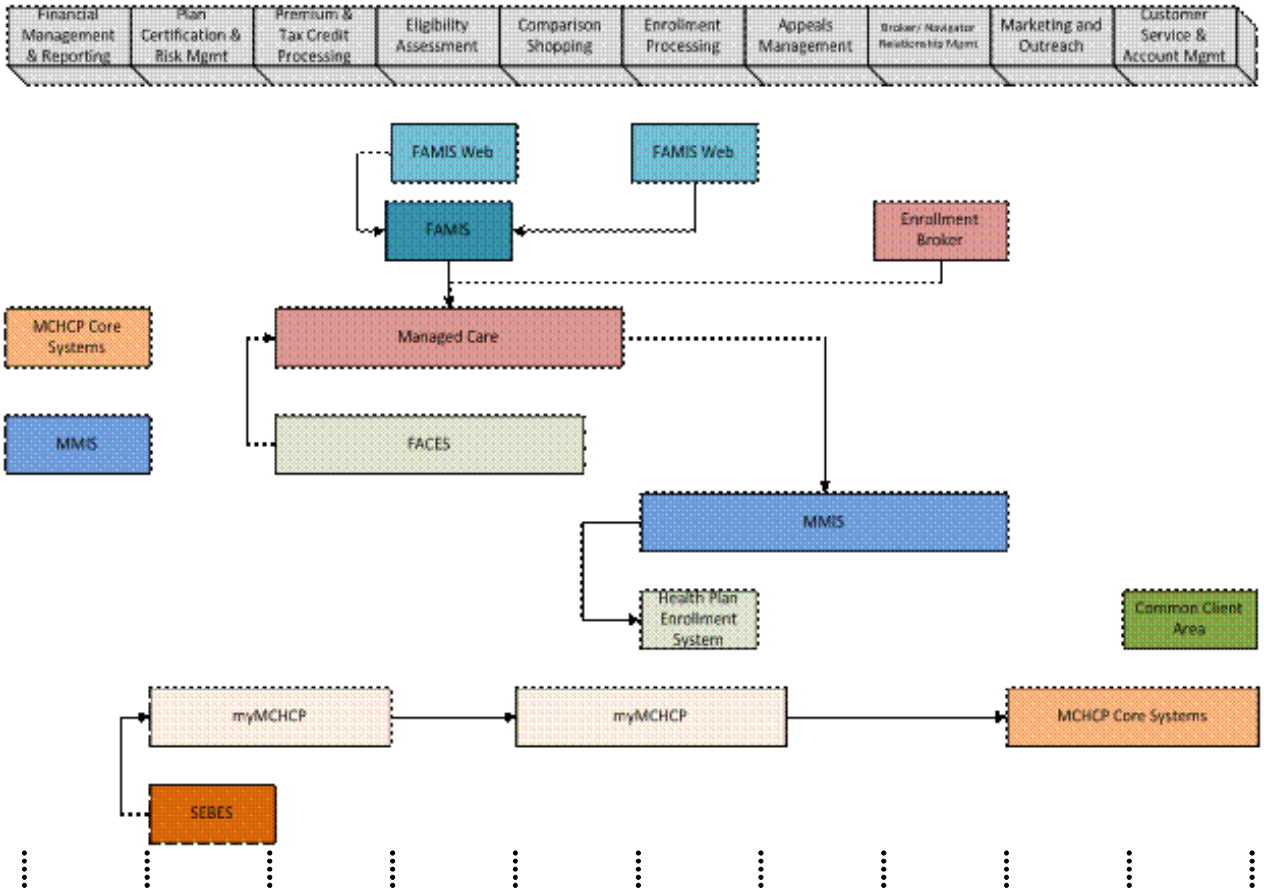
b. Current State Assessment

The Team conducted an "as-is" or current state assessment of the State's systems and the systems' capabilities to fulfill requirements in the ACA. Existing State systems were reviewed for the following exchange functions:

- Financial Management and Reporting;
- Plan Certification and Risk Management;
- Premium and Tax Credit Processing;
- Eligibility Assessment;
- Comparison Shopping;
- Enrollment Processing;
- Appeals Management;
- Broker/Navigator Relationship Management;
- Marketing and Outreach; and
- Customer Service and Account Management.

The figure below identifies current State IT assets with associated Exchange functions. For example, the Medicaid Management Information System (MMIS) offers capabilities associated with enrollment processing, appeals management, and broker/navigator relationship management.

Figure 3: State IT System Alignment with Exchange Functionality



The current state assessment resulted in the following key findings:

- Legacy systems have some exchange capabilities, but for the most part are not based on modern architectures;
- Missouri is steadily modernizing its existing systems with the inclusion of web applications and online user interfaces;
- Certain technical components of existing systems may be leverage-able as part of the "to-be" architecture;
- Missouri's existing systems are mainly interfaced through the use of batch file transfers; and
- Real-time transaction processing via the exchange is an opportunity for Missouri to continue its modernization efforts and consolidate systems.

In parallel with the current state assessment of existing State systems, the State conducted an assessment of existing state IT infrastructure and business processes and cross-walked the existing business processes with those required to operate the Exchange. The State relied on a Business Process Model (BPM) framework derived from ACA requirements, subsequent guidance, and the State's vision for the Show-Me HIE. The model is based on the Medicaid Information Technology Architecture (MITA) BPM template and methodology. This assessment resulted in Missouri analyzing its existing

departments and beginning the process of defining new workflows and identifying needed transitions as part of the health insurance exchange planning efforts.

Missouri is currently utilizing a web services oriented architecture (WSOA) for its design and implementation of the Show-Me Health Insurance Exchange. This approach aligns with the State's efforts to modernize and transform its systems toward a WSOA, including the MMIS transformation currently underway. By utilizing a WSOA, Missouri is preparing its systems to be interoperable within the health domain as specified by the National Information Exchange Model (NIEM) and able to rapidly facilitate heterogeneous interactions across systems. For example, many programs currently supported by the State already require specialized and complex eligibility determination, mapping to specific programs, and calculation of income-test requirements.

For each exchange requirement, Missouri located specific individuals and departments that will provide a strong foundation for mapping out future requirements. The State's ITSD has provided IT coordination, architecture, design, security, and infrastructure analysis for the insurance exchange project to date. ITSD coordinates across multiple State departments involved with the health insurance exchange (e.g. DIFP, DSS, DHSS, DMH).

As the State continues to shift away from mainframe/COBOL legacy systems to WSOAs, it expects to be able to share and leverage experiences from other states at similar levels of system maturity and to leverage exchange framework components from other states as well as sharing components developed for the Show-Me HIE. For example, within the MO HealthNet application portfolio, the State has steadily released additional web-based functions to the core provider environment, including enrollment and care management functions, demonstrating its ability to manage web services deployment and cross-platform integration deployments. A current inventory of relevant state systems is in Table 1 below.

Table 3: Department of Social Services Systems Summary

System	Technology	
	Hardware	**Software**
MO FAMIS	• IBM 2097-709 • IBM Virtual Tape TS7700 • IBM 6400-010 Printer	• z/OS 1.11 • IDMS 17.0 • IBM Enterprise COBOL for z/OS 4.2.0 • CICS 3.2 • CA Librarian 4.3 • SyncSort for z/OS 1.3.1 • Connect:DIRECT • IBM MQ Series • RACF 1.11 • DB/2 9.0 • CA:Gen • CICS Web Services • IBI WebFOCUS • IBI FOCUS • VMWare

System	Technology	
	Hardware	**Software**
MO HealthNet Systems	• IBM 2097-709 • IBM Virtual Tape TS7700 • IBM 6400-010 Printer	• z/OS 1.11 • IDMS 17.0 • IBM Enterprise COBOL for z/OS 4.2.0 • CICS 3.2 • CA Librarian 4.3 • SyncSort for z/OS 1.3.1 • Connect:DIRECT • RACF 1.11 • DB/2
FAMIS Web	• IBM Blade Server	• ASP .NET • DB/2 • VMWare
MMIS	• Sun SPARC • IBM 2097-709 • IBM AS/400 • Wintel Server	• Sun Solaris 10 • Websphere ESB • Websphere Transformation Extender • Network Data Mover • J2EE • DB2 Connect • Nortel Periphonics IVR • RACF • Tivoli Access Manager • FileNet • COLD • COGNOS • FICO Blaze BRE • VSAM • DB/2 • IBM Lotus Domino • AIX • Windows Server 2003

The MCHCP implemented myMCHCP, a web portal application that enables state employees to manage health insurance plan enrollment. MCHCP's core systems provide for maintenance of member healthcare enrollment data, premium billing, accounts receivable, accounts payable, appeals, and member communications. SEBES is MCHCP's front-end system for all new State employees to sign up for an account number for use in benefit enrollment. Table 2 below provides an inventory of relevant MCHCP systems.

Table 4: MCHCP Systems Summary

System	Technology	
	Hardware	**Software**
myMCHCP	• Dell 2500	• Windows Server 2003

System	Technology	
	Hardware	**Software**
		• IIS 6.0 • .NET Framework 3.5 • Microsoft Visual Studio 2008 • DB/2
MCHCP Core Systems	• IBM iSeries M25 • Dell 6800 • Dell 2650 • IBM 3500xM3 • HP Proliant DL380G5 • HP Proliant ML150 • EMC Centra Storage	• I5 OS V5R4 • RPG/400 • AS/400 COBOL • Windows Server 2003 • DB/2 • MS SQL Server • OnBase Imaging 10.0 • EMC Centera • I3 Messaging Center • Windows Server 2008R2 • IIS 6.0 • Cisco VPN • Titan FTP Server • Inovis BizConnect • WebMD Coverage Advisor • Windows Communication Foundation • MS Dynamics SL • IBM Genelco
SEBES	• Dell 6800	• Windows Server 2003 • IIS 6.0 • .NET Framework 3.5 • Microsoft Visual Studio 2008 • DB/2

c. To-Be Architecture

Missouri's to-be architecture envisions a separate exchange web-services oriented platform that will seamlessly interoperate with both architecturally modern and legacy systems.

The State has begun planning for the ability to incrementally implement a separate open exchange platform that will securely integrate with its existing systems via protocol-driven web services standards (when available). Using this approach, newer systems will interoperate via the open architecture, while legacy systems will be decoupled through a service bus layer via existing integration options such as batch EDI. This architectural approach also allows for multiple channels, as well as the co-existence of batch and real-time processing models, through the utilization of messaging queues and a transactional rules engine at the enterprise service bus layer.

The new system will be designed to function as a "system of systems" in order to leverage: (1) assets from Early Innovator grantees and (2) a web services oriented architecture that will separate

presentation, business logic, business rules, and data layers. The deployment of a separate platform will allow the State to leverage existing legacy integration investments while incrementally utilizing and incorporating web services integration and application models for new exchange functions. As underlying state systems are modernized, the transition from the legacy system to the modernized system will result incrementally in the deployment of a services-based architecture, enabling more transactions to occur in real-time, while reducing future change management risk.

Based on the real-time web services interactions required for a world class insurance shopping experience, and the incongruity of both existing systems and processes with that approach, Missouri is pursuing a procurement approach that will result in a new insurance exchange set of systems that will integrate with the legacy systems. By using an enterprise service bus, Missouri looks to encapsulate existing legacy systems to support a seamless shopping experience. For non-modified adjusted gross income (MAGI) eligible consumers, these will initially be referred to the existing legacy processes. For others who may be dually-eligible or may participate in multiple programs, interfaces will be developed that will allow for the new exchange system to handoff consumer information and documents to the existing system. By wrapping these interfaces as web services, the legacy and new insurance exchange systems will be interoperable and adhere to NIEM design patterns.

The State recognizes the need for a separate exchange system that is modular and interoperable to support changes and expansion that will emerge over time. A separate system will allow the State to modify its business rules, logic, and various system layers by component. The resulting work effort discussed in greater detail below, is a clear blueprint for how the following IT components will work together to deliver the core health insurance functions in a loosely coupled fashion:

- Exchange Portal;
- B2B Gateway and Enterprise Service Bus;
- Standards-Based Interface and EDI Components;
- Master Person Index of Clients and Providers;
- Information Management Tools;
- Content and Metadata Management;
- Privacy and Security;
- Financial Transaction Processing;
- Business Process Management; and
- Unified Communications System.

By separating out the future state architecture into these logical components, the State has been able to design a service-oriented architecture to encapsulate various functions in order to take advantage of commercial off-the-shelf offerings and align with architectures and components that will be made available via the Early Innovator grant opportunities. As Missouri analyzed its systems, it also looked for ways to integrate and leverage security, infrastructure, hosting, networking, policies, and other IT infrastructure components into its technical roadmap. The State expects to be able to reduce cost, time, and risk by relying on this approach to complete the detailed architecture and design work as part of an Establishment grant effort.

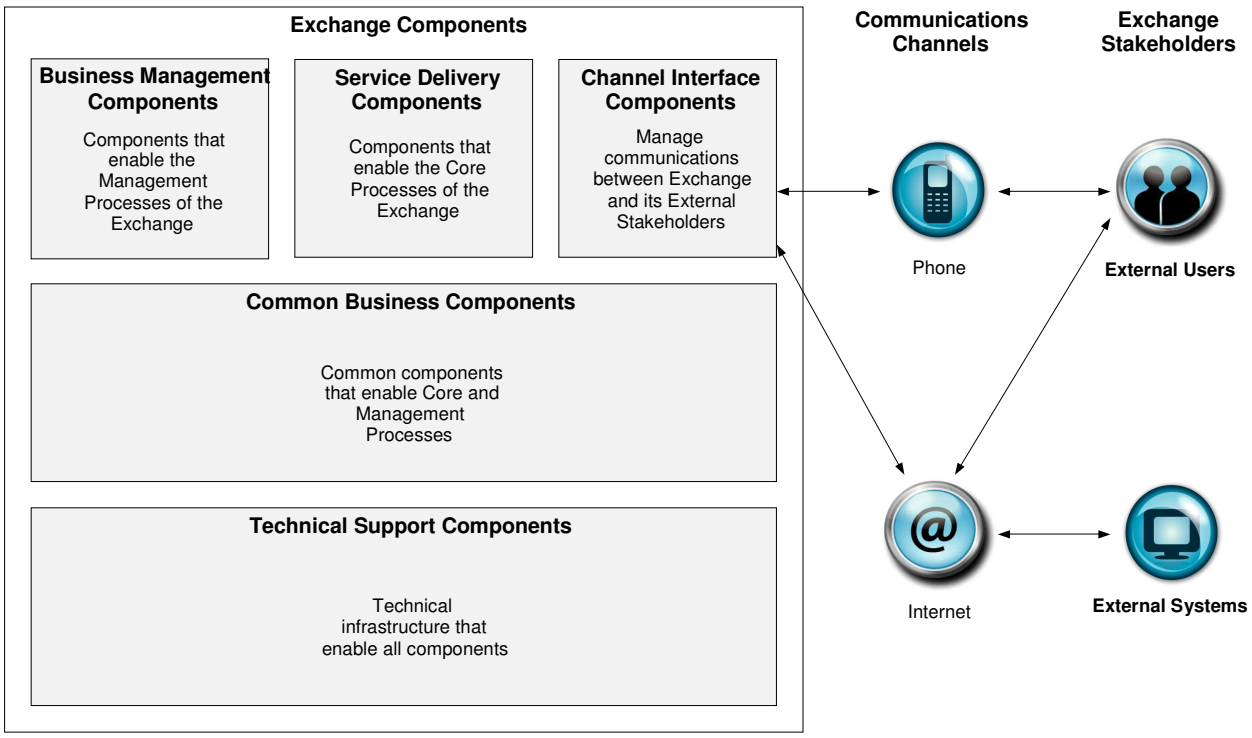
The State's to-be architecture is based on the requirements needed to deploy a real-time web services architecture that is able to:

- Connect consumer services made available by CCIIO;
- Provide services to exchange customers and existing state systems; and
- Enable orchestration and facilitate reusability by establishing a core set of technical and business components.

By establishing a core logical model, this architecture provides the foundation to establish the IT systems for the Show-Me HIE. The implementation workplan for these systems will be based on systems development life cycle (SDLC), alignment with NIEM exchange and standards, and a budget estimate for enabling the systems and processes.

The figure below depicts the to-be architecture and its major components.

Figure 4: Structure of the Exchange Component Model



d. Gap Analysis Summary

Missouri's IT systems are built on software technology ranging from 20-year old transaction-based systems operating on mainframes to three tier web-based systems. Most systems provide limited-to-no access to the general public directly; however, at least one system has the technical capability to offer portal services. The ability for a system to provide a technical capability to the exchange without exchange-specific business functionality does not necessarily translate into reusable functionality.

The following table summarizes Missouri current systems' specific capacity to meet the technical requirements for each exchange component needed for the to-be architecture. Red indicates little alignment, yellow indicates average alignment, and green indicates high alignment; additional explanation of the indicators is provided in Table 6 below.

Table 5: Technical Findings System Summary

Technical Component \ Current System	MO FAMIS	FAMIS WEB	MMIS	MO HealthNet	SEBES	myMCHCP	MCHCP Core Systems
Privacy and Security	Y	Y	G	Y	Y	Y	Y
Business Rules Engine	R	R	Y	R	R	R	R
Workflow Engine	R	R	R	R	R	R	R
Data Management Enablers	Y	R	Y	R	R	R	Y
Service Management Enablers	Y	R	Y	R	R	R	R
Information Management	Y	R	G	R	R	R	G
Master Person Index	Y	R	R	R	R	R	R
Knowledge Management	R	R	R	R	R	R	R
Financial Transaction Processing	Y	R	R	Y	R	R	Y
Business Process Management	Y	R	Y	R	R	R	Y
Unified Communications	R	R	Y	R	R	R	G
Exchange Portal	R	R	Y	R	R	R	R
B2B Gateway	Y	R	G	R	R	R	Y

Table 6: Alignment Grading

Alignment Grade	Description
(blank)	Does not contain any functionality that meets the requirements for the "to-be" functional / technical area.
N/A	Does not require system support for the identified "to-be" functional / technical area.
R **Red**	• Little alignment with the component needed for the "to-be" architecture • Functional / technical capabilities are low • Significant capability gaps
Y **Yellow**	• Average alignment with the component needed for the "to-be" architecture • Functional / technical capabilities are medium • Some capabilities gaps
G **Green**	• High alignment with the components needed for the "to-be" architecture • Functional / technical capabilities are high • Minor capability gaps

Table 7 below discusses in greater detail the technical findings and gaps associated with respective exchange business functions.

Table 7: Gap Analysis Summary

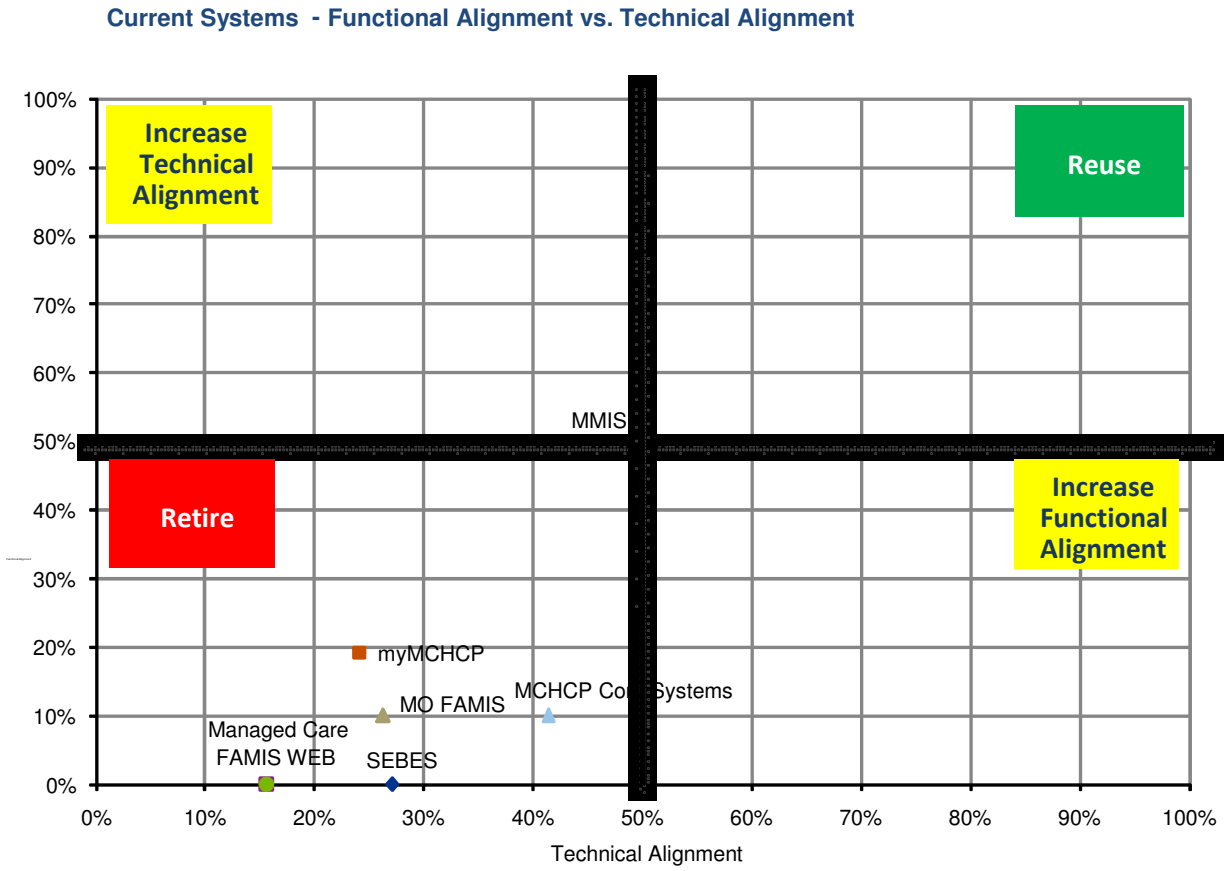
Business Function	Gap Analysis
Plan Certification and Risk Management	This function includes the processes to assess the actuarial value, benefit design, and quality of plans, as well as to facilitate plan certification and quality rating. Management of the plan and carrier relationship and the risk adjustment process are also included in this function. None of the current Missouri IT systems reviewed facilitate these activities.
Premium and Tax Credit Processing	The MCHCP systems perform some straightforward premium invoice generation, application of payments, returned checks, and refund processing; however, the systems do not have the existing capability to calculate, track, and apply tax credits to member accounts. None of the systems reviewed have a related business requirement nor the capability to provide this function through their existing codebase.
Eligibility and Enrollment Operations	Some of the systems reviewed provide functionality required to process eligibility determinations and plan enrollment. The systems serve different populations and only communicate within their individual organizations. None of the current systems allow for customized views for outreach populations, broker or navigator access, or quote generation.
Broker/Navigator Relationship Management	MCHCP has a state employee-facing web portal that includes a portion of the customer relationship management (CRM) functions that would need to be in place for the CRM activities of a broker or navigator portal. However, additional CRM functions would need to be developed. In addition, the MCHCP portal does not include any functionality to connect Navigators to consumers, measure Navigator performance, facilitate broker quoting of insurance plans, or provide any broker incentive compensation capability. None of the other systems provide any functionality that could be readily leveraged for Broker or Navigator Management processes.
Marketing and Outreach	None of the systems reviewed provide the necessary components to fully support these business functions. Education is provided in limited form to MCHCP members through the MCHCP portal, however outreach and employer relations functionality are not current business requirements.
Customer Service and Account Management	The MMIS-related systems include an internally-developed call tracking system with workflow processing and work queues. The service provider is considering moving to COTS systems to perform these functions, including the JIRA ticketing system and a CRM suite provided by PEGA.
Financial Management and Reporting	Existing financial management and reporting systems are designed for existing processes and do not provide the types of reporting that will be necessary to support a real-time transaction system.
Information Technology	Though individual systems do not provide the underlying

Business Function	Gap Analysis
	capabilities to satisfy Data Center Operations and Service Level Management, the State Data Center is well-equipped to perform both sets of business functions. Both Project Management and Configuration Management for the Exchange cannot be supported by any existing process and will need to be implemented as new processes.

Based on the findings outlined above, the Team created a matrix illustrating the degree of functional and technical alignment of each State system with required exchange capabilities:

- Systems in the top right quadrant (high functional and high technical alignment) are candidates for reuse.
- Systems in the top left quadrant (strong functional alignment but poor technical alignment) would require some improvement of the technical platform to be reusable.
- Systems in the bottom right quadrant (strong technical alignment but poor functional alignment) may have technical elements that can be reusable as a base to build out more aligned functionality.
- Systems in the bottom left quadrant (low functional and low technical alignment) are not candidates for the Health Insurance Exchange and may be candidates for retirement in a legacy renewal initiative.

Figure 5: Technical Findings System Summary



As is illustrated above, the State's existing systems, with the exception of MMIS, are not technically leveragable for purposes of the HIE and within the required time frame for implementation. The MMIS is currently in the process of being upgraded and may be leveragable. Thus, the State concluded that it will need to procure or build a new system to support the Show-Me HIE.

2. Proposal to Meet Program Requirements

a. Technical Architecture and Vision:

The State is committed to the design, development, and implementation of an HIE by 2014 that is based on a modern WSOA and is presented in a customer-centric manner. To make the State's vision a reality the following five components are critical and will be prioritized in the State's procurement and/or build of new systems and technical components:

- Exchange Portal;
- B2B Gateway;
- Eligibility Rules Engine;
- Audit Systems; and
- Security Systems.

Through the exchange IT systems, core exchange processes, and customer service teams, the technical architecture of the HIE will link existing systems with newly developed exchange functions to deliver a flexible and real-time transaction processing model using the Internet. Recognizing that legacy systems and business processes may not fit within this transaction model, these systems will be integrated into the health insurance exchange via an enterprise service bus that acts as a messaging broker between the State's existing system and the HIE.

Based on the business process and existing systems analysis (described in Section 1), the State considered the options below in determining the best path forward for Missouri is to procure an HIE platform.

Table 8: Solution Implementation Options

Option	Description
Reuse	Reuse functional or technical components from existing Missouri IT assets.
Build	Develop the Health Insurance Exchange solution using application development tools and supporting technology components (e.g.: SQL Server, Oracle, .NET, Java, etc.).
Configure	Acquire, configure and integrate one or more Commercial off-the-Shelf (COTS) packages to build the Health Insurance Exchange solution.
Leverage	Leverage solutions from Early Innovator states or the federal government; acquired systems would be configured and customized to meet the needs of Missouri.
Hybrid	This option could involve any of the above options. Components could be built, purchased from a COTS vendor, or acquired from another state or the federal government.

Reuse Missouri IT Assets
Reusing Missouri IT assets could reduce time to market and policy uncertainty risks as Missouri would have considerable control over development efforts and would be using functional components that reflect existing Missouri policy and legislation. Unfortunately, the gap analysis shows that many relevant Missouri IT assets are based on aging technology platforms that would increase interoperability and cost risks; Missouri would face a significant legacy modernization cost to transfer its existing systems to more modern technology and provide a reliable foundation for the HIE.

Build a Health Insurance Exchange Solution
Building an HIE solution may reduce Missouri's policy risks because the solution would reflect Missouri specific policies as they are developed. However, "building from scratch" will likely increase time to market and cost management risks as large software build projects are notoriously difficult to manage from a schedule and budget perspective.

On the assumption that a build solution reflects the technical guidance and reference architecture of the Centers for Medicare and Medicaid Services (CMS), it should be neutral with respect to interoperability

risk and HHS modernization risk. There is a significant amount of risk associated with building an HIE solution "from scratch" within the required time frame.

Configure a Health Insurance Exchange Solution

Configuring an HIE solution may reduce Missouri's policy risks because the configured solution would reflect Missouri specific policies as they are developed. Configuring a health insurance exchange solution is less risky than a build from scratch on the time to market and cost management front.

On the assumption that the configured solution reflects the technical guidance and reference architecture of CMS, it should be neutral with respect to interoperability and HHS modernization risks.

Leverage Early Innovator Solution(s)

As previously discussed, Missouri has conducted an analysis of Early Innovator grantee applications and has initiated discussions with Kansas about opportunities for partnership. Leveraging Early Innovator solutions could increase Missouri's policy risks because an Early Innovator's solution would likely reflect the policies of the Innovator state and may or may not reflect Missouri policy. It could also increase time to market risks as Missouri is dependent on the Innovator state's ability to deliver in time for Missouri to leverage and configure the solution to meet Missouri's needs.

Early Innovator solutions must reflect the technical guidance and reference architecture of CMS. As such, they should reduce interoperability and HHS modernization risks. The expectation of the Federal Government is that states that are not Early Innovators will leverage Early Innovators' solutions as part of their exchanges. Configuring a solution is less risky than building a solution from scratch with respect to time-to-market and cost management. Missouri plans to review solutions from Early Innovator grants and identify elements that may be leveraged; Missouri is particularly interested in Early Innovator grantees' progress toward:

- Vendors who provide exchange system components for configuration that mitigate the need for states to build the same functions;
- Eligibility rules and standards-based expression of those rules in XML;
- Integration patterns between legacy mainframe systems and a real-time transaction system;
- Reports and program integrity processes that ensure appropriate audit trails and process verifications;
- Lessons learned from integrating system components from different vendors; specifically, were NIEM standards sufficiently detailed;
- Initial integration experience against the data services hub for conducting real-time verification against federal information services; and
- Test cases and outputs from integration experience against the web services exposed via the data services hub.

Missouri intends to monitor the progress of the above elements by Early Innovator grantees and determine performance and schedule requirements for them to be included in the Missouri Show-Me HIE. What Missouri is unable to leverage from Early Innovator grantees it plans to procure.

Technical Architecture

Missouri will procure an HIE platform based on software architecture with multiple system components. The architecture team expects that these will be provided from a variety of vendors and integrated via an enterprise service bus using web services architecture. For phasing purposes, the minimum requirements were designed to enable the health insurance exchange to be instantiated with 4 key workflows:

- Assess Eligibility;
- Certify Plans;
- Shop for a QHP; and
- Enroll in a QHP.

Additionally, components that would be necessary to scale and enable changes to the insurance exchange will need to be added shortly after exchange launch.

Minimum system components for system launch:

- ***Enterprise Portal***: Single point of access web application user interface that allows all users to access the exchange. Users include consumers, administrators, small businesses, health plan administrators, and brokers. The project will evaluate and explore utilizing mobile user interfaces that will connect to the integration layer for specific core exchange functions.
- ***Business Rules Engine***: Allows for the creation, update, and expression of policies for eligibility determination in a system neutral language. The business rules engine will be a separate component because it will change frequently over time.
- ***Financial Transaction Processing***: The HIE will include a separate financial transaction processing system to record and perform electronic transfer payments and record keeping as necessary for insurance exchange operations.
- ***Unified Communications***: This component provides access to the insurance exchange via telecommunications. Application programming interfaces (APIs) will enable other system components to interact with the communications systems so that consumers may be notified via phone or fax regarding determinations made via the business rules or workflow engines.
- ***Enterprise Service Bus (ESB)***: The ESB is a core construct that will support many of the integration and transaction layers of the system. The ESB includes core capabilities to provide and consume web services and links to the security layer for service level authentication, authorization, access, and audit. An analysis of 1561 services will be evaluated as part of the ESB.
- ***Federal and State Interfaces***: In addition to the integration layer, specific federal and state endpoint systems will need to link into existing processes and provide the appropriate query and response interfaces to existing systems. These will be exposed via the enterprise integration layer, but require their own separate design and development efforts.
- ***B2B Gateway***: Facilitates information exchange with external systems including carriers and federal information sources via the Enterprise Services Bus.
- ***Privacy, Security and Audit Components:*** Enables the logging and review of operational transactions. Supports access control to sensitive information.

Additional components to be included shortly after launch:

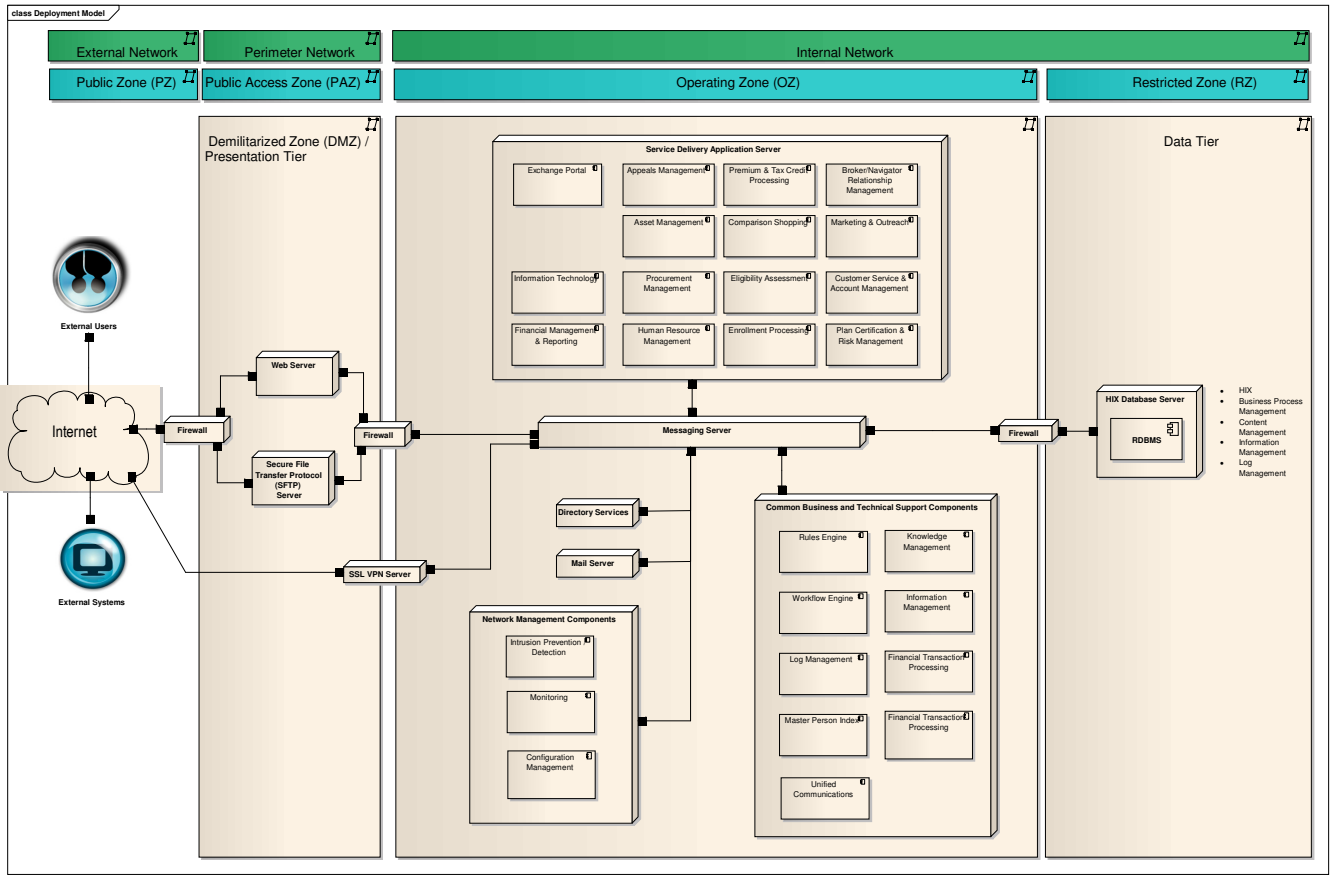
- ***Business Management Components:*** Enable the management of the business processes related to the Exchange.
- ***Service Delivery Components:*** Extends existing rules and workflow capabilities to automate and efficiently support Core Exchange Processes.
- ***Channel Interface Components***: Extend communications between the exchange and its customers by enhancing telecommunications and B2B gateway adapters as additional endpoints are made available.
- ***Information Management:*** Content management system to support recordkeeping and enable scanned documents.
- **Data Management:** Data warehousing for analysis and performance ranking of exchange participants.
- **Service Management:** Extend service measurement to measure usability and usage patterns. Measure service utilization for integration and ensure appropriate response times.
- ***Workflow Engine***: System component that will track the flow of information and tasks necessary for completing eligibility and enrollment transaction processing.
- ***Master Person Index (MPI)***: The MPI will match and identify consumers and providers across multiple systems and tie them together via a composite index. The identifier will include linkages to identify users across multiple programs and utilize the Missouri common client identifier and provider identifier.

The Show-Me HIE will consist of a multi-tier architecture. The architecture will utilize the following layers and design patterns:

- ***User Interface Layer***: Browser based application to display information to consumers.
- ***Enterprise Integration Layer***: Identity resolution for members and providers; conducts transactions with existing legacy state systems, and interaction with federal services for verification and transactions. Alignment with open standards and NIEM will be enforced at this layer.
- ***Business Rules Layer***: Separate set of technology-neutral business rules that will be maintained as a set of policies that can be imported and exported with other states and systems. Additionally, maintaining a separate business rules layer enables the use of external state innovator systems either at the rule level or the actual system.
- ***Information Management Layer***: A separate layer will be used to define the types of data that will measured and reported to ensure quality, integrity, and usefulness of the insurance exchange functions. This layer will encapsulate the evaluation measures that the project will utilize for core operations and project tracking.
- ***Security Layer***: Separate authentication, authorization, access control, and audit rules and engines for evaluation. For audit, measurement and management tools will be in place for the logs in order to verify adherence to security policies.
- ***Data Layer***: Consistent and exchange-wide data schema for modeling both the data and relational data storage and mapping to the integration service transactions

The figure below lays out all the health insurance exchange components that will be in place in a mature health insurance exchange.

Figure 6: Mature Health Insurance Exchange Components



The two figures below detail two critical exchange function scenarios that will be implemented at the outset of the exchange and highlight prioritized technical components.

Figure 7: Eligibility Assessment BPM

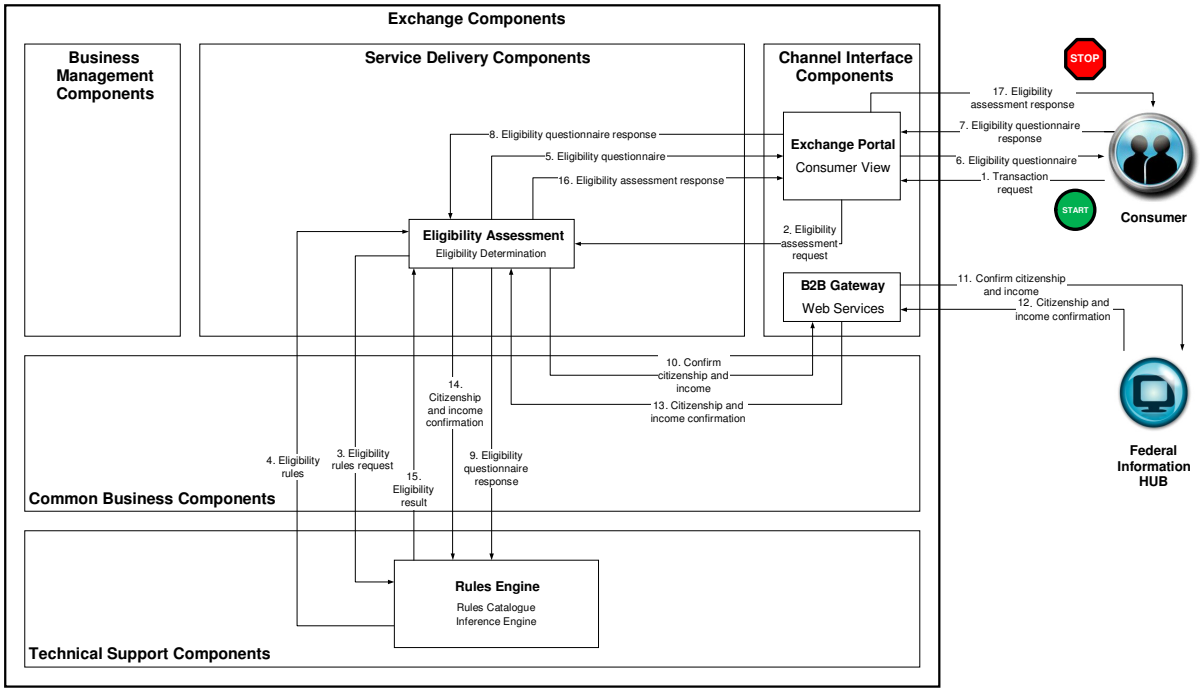
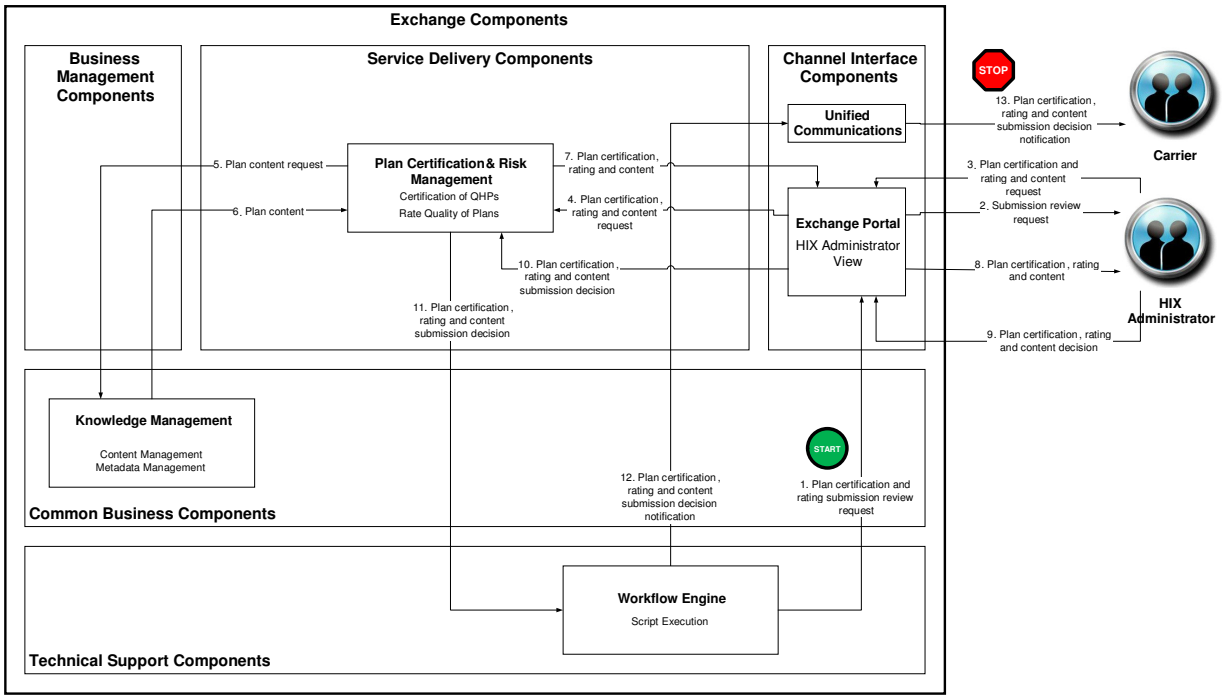


Figure 8: Plan Certification and Rating BPM



Applicable Standards

The standards described below will be incorporated into ongoing program requirements, particularly those utilized to select and implement the core exchange functions. The State's approach to meeting applicable standards is outlined below; all IT systems and components that the State procures or leverages will meet these requirements:

- 1561 Recommendations: Missouri is committed to providing a consistent end user experience driven portal as part of its user interface layer. This will be based on Missouri's participation in the User Experience 2014 Project (UX 2014) being spearheaded by the California Health Care Foundation (CHCF) and IDEO via CCIIO. Missouri will ensure a seamless experience for consumers that will also be consistent across insurance exchanges. Additionally, as noted above, Missouri intends to utilize the NIEM for interactions with federal verification sources and with State systems. As the NIEM is established for the health domain, Missouri will enforce and implement these standards as part of its web services deployment on the Enterprise Service Bus.
- HIPAA: Agencies, departments and divisions within Missouri State government each have security officers that will evaluate and assess the system components Missouri will procure for compliance with HIPAA privacy and security requirements. Missouri's HIE will enable HIPAA requirements by conducting ongoing internal and external reviews of its administrative and technical safeguards.
- Accessibility: Missouri's technical development standards already include policies requiring that websites provide specific usability features for individuals with disabilities. The unified communication system component will provide multiple modalities for consumers to access a world class experience when interacting with the HIE. Missouri's user interface will be Sections 508 and 405 compliant, and will adhere to the W3C Accessibility Guidelines. Missouri also intends to adopt guidance derived via the user experience project.
- Federal Information Processing Standards (FIPS): As part of its gap analysis and evaluation of existing systems, Missouri reviewed federal guidelines and intends to incorporate such guidelines into its health insurance exchange system selection and implementation. Missouri will identify relevant application federal guidelines to enable:
    - Leveraging Missouri IT governance to review and align security controls between state policies and insurance exchange operations;
    - Repeatable processes and guidelines for selecting and implementing security controls;
    - Incorporation of security controls and requirements into the ESB;
    - Enabling system security according to FIPS 199; and
    - Systematic and periodic assessment and measurement standards adherence.

<u>Resource Planning</u>

Based on the prior analysis and review of options, the State prepared an implementation roadmap to fulfill the State's strategic exchange architecture. The strategic architecture is a high-level set of blueprints and roadmaps to guide the State in assessing the gap between its current IT assets and those needed for an exchange and to estimate the costs required to support implementation under various scenarios.

This roadmap identifies the resources needed at each stage of the project and forms the foundation of the resource plan and budget for the IT components needed for a successful design and implementation

of an HIE system that can interoperate with the State's legacy systems while providing a clear architectural path forward for the State and exchange systems.

The implementation strategy is intended to be realistic and comprehensive. We have put emphasis on commitment of internal state business resources and IT resources, both to ensure quality from the State perspective, and to position for sustainability. We also plan to locate the team in a single facility, and equip it with strong methodology, standards, and tools to ensure they are productive.

We have considered multiple options for provisioning the solution – build, buy and configure software packages, and a hybrid that could also include leveraging of components of solutions being developed by early adopter States. The strategy includes implementing the target blueprint in two major releases, for multiple reasons. First, it is considered a leading practice to deliver large solutions in multiple releases, to mitigate risk and enable course corrections between releases. Second, it is necessary given the aggressive timelines of the program to begin operations. We also have planned to develop requirements and components iteratively, so as the work proceeds and details become clear, it is likely that we may introduce additional sub-releases. In addition, the use of multiple releases allows us to manage the implementation of functionality that is critical for open enrollment in the first release, and then to stage additional functionality in a subsequent release, soon thereafter.

The schedule and budget for the complete implementation has been defined, but consistent with the level one grant requirements, only the first year of the schedule and budget is included in this grant application. The year one roadmap, resource plan, and budget can be found in the separate workplan and budget files of this application.

The implementation plan is separated into two releases. The initial release focuses on the minimum necessary components: Mobilization, Detailed Requirements, and Procurement Process. Once the procurement process is completed, Release 1 moves into a deployment phase for data management, privacy and security, rules engine, enterprise service bus, exchange portal, B2B gateway and unified communications. In parallel, back office and service delivery packages will be deployed. Once the packages are deployed, the delivery phase of the project begins and overlaps with the integration and conversion phase. The implementation plan includes connections with the data services hub for federal source eligibility verification, with existing state systems for case management, data extraction, transformation and loading, and with insurance carriers for certification and enrollment.

Technical Approach

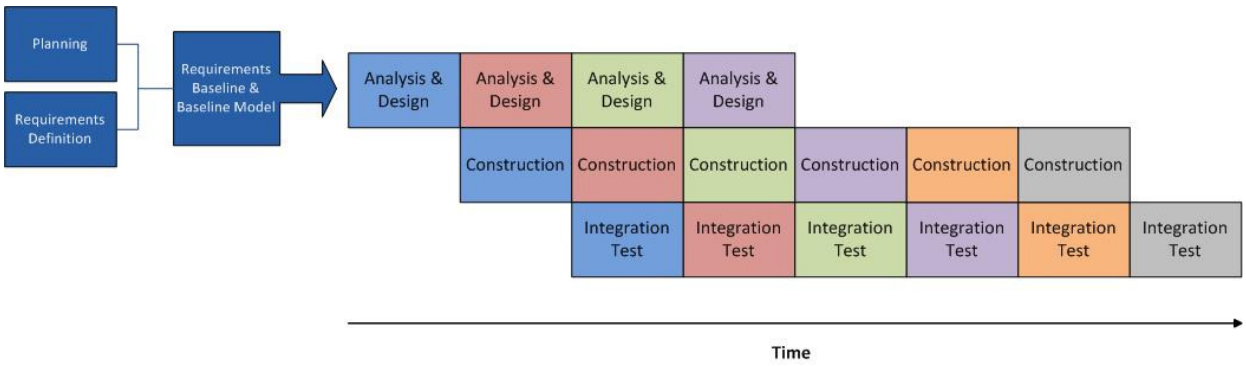
As part of the exchange IT systems analysis, the State identified functional and technical gaps, outlined in the gap analysis summary. The State plans to deliver a robust set of health insurance exchange IT systems through the procurement of technology to achieve business functions where gaps have been identified. These business functions include:

- Plan Certification and Risk Management;
- Premium and Tax Credit Processing;
- Eligibility and Enrollment Operations;
- Broker/Navigator Relationship Management;
- Marketing and Outreach;
- Customer Services and Account Management;
- Financial Management and Reporting ; and

- Information Technology - Project Management and Configuration Management.

Iterative System Development Lifecycle Methodology

Figure 9: System Development Lifecycle Methodology



The SDLC approach for constructing the Show-Me HIE will be a modified iterative development approach. It balances traditional milestones in some project phases with iterative approaches for the core phases of design, development & internal testing.

Planning and requirements definition are similar to what is expected of a traditional waterfall methodology approach. This is necessary to facilitate defining the overall needs of the entire exchange and to allow for procurement of configurable solutions appropriate to the requirements. Once these phases are complete, Missouri's SDLC transitions to an iterative methodology for the design and construction/development phases. In these phases, instead of managing very large project phases, the same disciplines and tasks are used, but they are managed in smaller work bundles or pieces called iterations.

Iterations are bounded by time, making time the determining factor in the amount of functionality that can be reasonably produced during each iteration. Breaking the project down into smaller pieces provides for agility in the face of evolving federal and state guidance and makes it easier to shift work among iterations. Additionally, since the overall requirements for the exchange have been defined up front, there is no rigid requirement that a particular exchange business function be developed before another, allowing multiple teams to work in parallel during the Development phase.

The result of each iteration is a working system that grows in functionality as time progresses. Stakeholders see concrete, measurable results at the end of each cycle, preventing extensive (and expensive) redesign during the Acceptance Test phase of the project.

b. Early Innovator Analysis

As referenced in the Overview, the State completed a comprehensive review of the existing Early Innovator state grant applications and validated its proposed to-be architecture and existing approach against available information. The State's approach aligns closely with the to-be architectures described by Maryland and Massachusetts, especially with the deployment of a web-services oriented architecture that integrates with existing state systems via an enterprise integration and interface framework. The architecture is also similar to Maryland and Massachusetts in that it looks to extend and integrate legacy

systems by wrapping them with web services into the new exchange architecture as a method to loosely couple real-time exchange transactions with existing mainframe based batch processing models.

As the State moves towards its exchange system procurement, specific Early Innovator components will be identified and included as part of the technical architecture. The State's work plans include ongoing analysis of systems and work products that will be made available via the CCIIO application lifecycle management process (see this application's separate work plan file). These will be factored into the overall design and be evaluated as part of the technology selection process that the State will utilize as part of its technical approach. Specifically, Missouri will track other states' design patterns to ensure that its architecture is aligned with other states and to ensure a consistent user and system interaction relative to the other insurance exchanges; Missouri will also track the NIEM for open standards and interoperability.

G. Financial Management

1. Demonstration of Progress

The State of Missouri recognizes the need for a strong system of financial management and accounting. The State's procurement process is based upon the statutory authority of Chapter 34 of the Revised Statutes of Missouri (RSMo). Chapter 34 requires that all purchases in excess of $3,000 shall be based on a competitive bidding process with awards made to the bids providing the best value (price and quality) to the State.

The State team and consultants conducted a scan of existing state financial management policies and processes. Currently, the fiscal management of federal funding such as the Exchange Planning and CAP grants is handled within DIFP. DIFP follows the State's procurement process as well as all guidance and recommendations from the Division of Purchasing and Materials Management within the Office of Administration. Federal grant receipts and disbursements are given a unique identifier in the State's financial management system in order to segregate these funds from other funding and revenue streams, allowing for more concise reporting and grant reconciliation. A disbursement from the grant begins with the completion of a purchase order, travel request, or other approved form of payment request by the person requesting the use of funds. These requests are reviewed by an immediate supervisor for relevance to the grant and to ensure that the payee is on the state list of approved vendors, the cost of the services is accurate, and all supporting documentation is attached to the request. After satisfactory review and approval of the supervisor, the request is forwarded to a Director-level staff person for final review and approval.

Additional measures employed by the State to ensure the proper management and use of grant funds include the following:

- Time incurred by State agencies working on grant-related activities reported separately from normal business activities;
- The use of electronic funds transfer (EFT) whenever feasible;
- A monthly reconciliation of grant activity by the Accounting Department, including supervisory review and approval;
- Proper segregation of roles and responsibilities within the fiscal area responsible for managing, disbursing and reconciling the grant funds; and

- Quarterly reporting to senior-level personnel of the status of the grant funding.

Additionally, the United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Act requires an audit of the State's financial statements and its use of federal awards. In Missouri, the Single Audit reports the federal awards spent by all State agencies, except component units of the State, which are audited by other auditors. Single Audit guidelines require audit work be conducted on "major" programs and utilize a risk-based approach to determine which programs are significant and subject to the audit. DIFP is subject to the Single Federal Audit Provision as conducted by the Missouri State Auditor.

Finally, revised Statutes of Missouri (RSMo) Chapter 374.250, require that "at the close of each state fiscal year, the state auditor shall audit, adjust and settle all receipts and disbursements" for DIFP. All state auditor audits of DIFP funds, including federal funds, are publicly reported and can be found at http://www.auditor.mo.auditreports/insurance.htm.

In planning for the establishment of the Show-Me HIE, the State has identified the need for a robust financial accounting and management reporting system. With potential total enrollment of over 565,000 members for the individual and small group market combined, the number of financial transactions processed by the exchange will require a highly automated, sophisticated, and scalable accounting system. Exchange financial systems will need to produce timely and accurate financial and management reports at a level of detail that will be expected from all stakeholders including legislators, advocates, health insurance carriers and other market partners and affiliates of the exchange. The State identified, as an immediate need for the exchange, the hiring of finance personnel that can begin to develop the necessary underlying accounting and reporting structure, such as a trial balance and chart of accounts, as well as assist the evaluation process for an appropriate accounting and financial management technology solution. The State team and consultants have determined that the State does not have an accounting and financial management reporting system that can be modified to address the requirements and complexities associated with the exchange. Development of a new system will therefore be one of the first areas of focus for Establishment grant activities.

2. Proposal to Meet Program Requirements

The State plans to utilize Establishment grant funds to continue to build on the work performed during the planning phase. In order for the Show-Me HIE to meet the tight deadlines established by the ACA, Missouri will initially leverage the existing federal grant management process described above for the receipt, disbursement, and reporting of Establishment grant funding, with a plan to transition such activities to the exchange as soon as the personnel, technology, and systems of internal controls are designed, developed, and implemented. More specifically, the State will use the funds to perform tasks which include, but not limited to, the following:

- Hire a half-time Chief Financial Officer in September 2011 to oversee the HIE's fiscal and budgetary components;
- Hire a full-time Budget Manager in September 2011 and a full-time Director of Finance in January 2011 – the Budget Manager will assist the CFO in financial planning, analysis and budget reporting functions as well as participate in vendor and QHP procurements. The Director of

Finance will be responsible for the establishment of and management of the HIE's core financial infrastructure and ensuring funds are well managed and appropriately controlled;
- Begin assessment of accounting and financial reporting software and hardware;
- Develop a work plan for the build out of an exchange financial infrastructure;
- Develop transition plan for management of grant funding from State agencies to the exchange;
- Develop the exchange banking function; and
- Develop accounting policies and procedures.

H. Program Integrity

1. Demonstration of Progress

State health insurance exchanges are required to comply with a number of ACA-specified provisions regarding financial and program integrity. The exchange is required to be audited by the Secretary of HHS, and will most likely be subject to state-level audits and operational reviews. The exchange will also be responsible for a broad range of obligations and responsibilities, and will interact with a number of market partners and affiliations such as carriers, brokers and navigators, State agencies and consumers. In addition, as a new entity responsible for implementing a complex law affecting nearly all Missourians, there will need to be a high degree of transparency, competency, and program integrity displayed by the exchange. As a result, the Show-Me HIE will be designing and implementing a system of internal control and program integrity measures that reflect the best practices of the public and private market segments.

2. Proposal to Meet Program Requirements

Utilizing Establishment grant funding and leveraging the work described under the Financial Management section above, we will research and evaluate internal control and program integrity measures currently in effect in state government programs such as MO HealthNet, but also look to the private market for best practices systems and processes. State consultants have begun researching the leading public/private methodologies for mitigating fraud, waste and abuse which include, but are not limited to, the following: effective ERP/Financial Management systems, well-executed planning, forecasting, and budgeting process, timely reconciliations of major accounts, vendor oversight, procurement management, effective internal controls, payment process oversight, and Sarbanes-Oxley-like control environments. Consultants will continue this research to form an operational plan for the exchange to mitigate financial risk, as well as ensure the integrity of programs administered by the exchange.

For example, using the Committee of Sponsoring Organizations of the Treadway Commission (COSO) definition of internal control, we will develop financial processes and systems that are cognizant of the following five internal control components:

- *Control Environment.* Sets the tone for the exchange, influencing the control consciousness of its personnel. It is the foundation for all other components of internal control;
- *Risk Assessment.* The identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed;

- *Information and Communication*. Systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable personnel to carry out their responsibilities;
- *Control Activities.* The policies and procedures that help ensure management directives are carried out; and
- *Monitoring*. Processes used to assess the quality of internal control performance over time.

The Table below interprets various compliance areas from Section 1313 of the ACA and identifies examples of leading practices we will be assessing in the development of the exchange:

Table 9: Leading Practices by Compliance Area

Compliance Area	Examples of Leading Practices to Address Compliance Area
Financial Transparency & Accountability	• Maintaining detailed reports and transaction detail. • Drafting adequate policies and procedures for document retention. • Maintaining procedures to retain accounting information related to ACA and state law.
Preparedness for federal reviews and audits	• Ensuring compliance with document retention policies. • Development of Accounting and Financial Policies and Procedures. • Performing periodic reconciliations.
Fraud, Waste & Abuse	• Identifying areas of potential FW&A prior to developing systems of internal control. • Performing ongoing assessment of internal controls to eliminate fraud/abuse.

Missouri will also be using Establishment grant resources to identify business practices necessary in the start-up phase of the exchange, which will likely include processes and systems different or in addition to what is required for the operational phase of the exchange. For example, well-executed planning, forecasting, and budgeting, vendor procurements, oversight and management processes, as well as federal grant administration tracking and reporting will be especially prominent during the start-up phase. We have identified in the table below program integrity measures most relevant to each of the two operational phases of the exchange, and which will help prioritize and guide the State's work during the coming months.

Table 10: Summary of Program Integrity Measures

Start-Up Phase (Pre-2014)	Operational Phase (Post 2013)
• Effective Accounting Information System (AIS) / Enterprise Resource Planning System (ERP)	• Management Oversight, Governance, & 'Tone-At-The-Top'
• Effective Financial Management process, including planning, budgeting, and forecasting	• Organizational Control Environment

Start-Up Phase (Pre-2014)	Operational Phase (Post 2013)
• Organizational-wide Risk Assessment	• Payment Inflows & Outflows / Cash Receipt & Disbursement Process
• Vendor Oversight & Procurement Management	• Continuous Monitoring / Data Analytics
• Grant administration	• Whistleblower Mechanisms
	• Oversight of Management Information Systems

I. Health Insurance Market Reforms

1. Demonstration of Progress

In response to the Health Insurance Market Reforms outlined in the ACA, DIFP examined existing statutes and regulations to identify potential conflicts between state and federal law that would need to be addressed either through legislation or by amending existing rules. The conclusion of this analysis was that no immediate statutory or regulatory changes were required in order to implement the health insurance market reforms contained in the ACA that became effective on September 23, 2010. This analysis was based on the authority granted to the Director of DIFP under Missouri law with regard to policy forms and executing laws relating to insurance or insurers. Generally, the Director of DIFP may only approve "those policy forms which are in compliance with the insurance laws of this state and which contain such words, phraseology, conditions and provisions which are specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured" (Section 376.405 and 376.777, RSMO). Furthermore, DIFP is "charged with the execution of all laws now in force, or which may be hereafter enacted, in relation to insurance and insurance companies doing business in this state, and such other duties as are provided for by law" (Section 374.010, RSMo). In an effort to comply with the ACA and to provide protection to Missourians who are insured by companies doing business in the State, DIFP developed a process by which it asked carriers to demonstrate compliance with the ACA.

In order to inform carriers of the new federal requirements, DIFP issued a bulletin (Insurance Bulletin 10-05) on September 23, 2010, directed to all insurers authorized to conduct health insurance business in the State of Missouri. The purpose of the bulletin was to remind carriers of their responsibility to file amendments to their health insurance policy forms to ensure compliance with the standards set forth in the ACA, and to outline DIFP's requirements for filing revisions related to the ACA.

The bulletin outlined all of the health insurance market reforms included in the ACA that became effective for policies issued or renewed on or after September 23, 2010. In addition, it outlined DIFP's review policy for ACA filings. DIFP committed to conducting expedited reviews of ACA filings, as long as they are identified as such when filed, an endorsement or amendment is filed to be used in conjunction with previously approved forms, only modifications relating to the ACA are included, and the filing includes a listing of the form numbers and approval dates for all previously approved forms that will be amended. Finally, the bulletin notified insurers of DIFP's policy that when state laws are more favorable to the enrollee, federal requirements are considered the "floor" for application of benefits, and that

state law is not pre-empted when application of the state requirement does not impede the application of federal law. The DIFP bulletin is provided as Attachment 11.

Subsequent to implementation of the September 23, 2010 insurance market reforms, DIFP modified its State Based Systems (SBS) data collection program to collect more robust data on consumer problems and inquiries related to these reforms. The State's SBS collection system now contains specific codes to reflect September 23, 2011 related complaints and inquiries, enabling tracking, monitoring and oversight of implementation.

In addition to the bulletin issued to address the insurance market reforms that became effective on September 23, 2010, DIFP has also taken action in three other key areas related to health insurance market reforms. With regard to the Medical Loss Ratio (MLR), the DIFP has been monitoring the regulations issued by HHS and the work that is being done in other states to address potential withdrawals from the market because of the MLR requirement. Missouri held a public hearing in late December 2010 asking for comment from all interested parties on the impact of the MLR on the individual insurance market in Missouri. Missouri continues to monitor developments in this area.

Another significant portion of the health insurance market reforms of the ACA involves consumer-friendly changes to the grievance and appeals process. Missouri is anticipating final regulatory guidance from HHS to determine whether its process is in substantial compliance with the federal requirements. Legislation was proposed, but did not pass during the 2011 legislative session that would have made revisions to the existing grievance and appeals processes to bring them into compliance with existing HHS and Department of Labor Guidance. Missouri continues to analyze its statutes and regulations in light of the federal guidelines and will determine what, if any, legislative or regulatory action is necessary when the final rules are published.

Legislation was also proposed in the 2011 legislative session that would have given DIFP the authority to conduct reviews of rates for health insurance. This legislation did not pass in 2011. Since Missouri currently has no rate review authority, it appears likely at this time that carriers in the State will be required to participate in the federal process. Missouri continues to work with HHS on the issue of rate review and we believe that legislation may be filed again in 2012.

2. Proposal to Meet Program Requirements

DIFP will continue its efforts to reconcile state and federal law with regard to insurance market reforms. DIFP will also continue to monitor carrier compliance with ACA insurance market reforms through product filing reviews and collection and analysis of consumer complaints and inquiries received through the State Consumer Assistance Program.

J. Providing Assistance to Individuals and Small Businesses, Coverage Appeals, and Complaints

1. Demonstration of Progress

DIFP was awarded $674,610 from HHS to establish and administer Missouri's Consumer Assistance Program. The grant is a 12-month award ending in October 2011. In the past 8 months, the State has made significant progress in development and expansion of its CAP.

a. Consumer Assistance Program Staffing

Missouri's CAP has hired an Insurance Regulatory Manager who is responsible for direction and oversight of the planning, direction and coordination of the Health Insurance Ombudsman program within DIFP. Three Consumer Complaint Specialists have been hired to interview consumers who have filed complaints and to assist them with filing complaints and internal and external appeals. Consumer Complaint Specialists handle complaints related to insurance companies as well as the expanded responsibilities of complaints related to self-insured employer groups and assistance with the first and second level grievance and appeals process. These appeals ensure a full, fair and impartial review of the plan's denial of coverage for a treatment or service. The CAP also provides external review services to those covered under fully insured health plans, as well as to the State Employee's Health Plan. This external review process is a means by which a medical treatment or service is reviewed by an external, independent physician.

The CAP is in the process of hiring (i) one additional Consumer Complaint Specialist; (ii) three Health Benefit Counselors to provide education, consultation and referral to consumers and policy holders who contact the CAP with questions concerning their health coverage; and (iii) two investigators who will handle complaints against insurance producers or other licensees.

b. Consumer Outreach and Education

The CAP will soon commence work with a statewide consumer advocacy organization for assistance in the identification of key populations and community-based organizations with which the CAP can partner to conduct outreach and education activities, and other CAP services such as enrollment and assistance with appeals of health plan decisions. The goal of these partnerships is to support the CAP in long-term planning of outreach events and in identifying member advocacy groups for potential future direct partnerships to supplement the CAP's outreach and education efforts, consumer advocacy efforts and other CAP-related services. The CAP also intends to establish a referral partnership so that the CAP may make referrals to the community-based organizations for the consumers with whom they work, and to facilitate community based organizations referring to CAP. In addition to its efforts to partner with community based consumer groups, the CAP has developed publicly available outreach and education resources including Frequently Asked Questions and information regarding consumer health appeals and external review (see: http://insurance.mo.gov/consumer/autismFAQ/Externalreviewprocess.htm) and information on how to file a complaint (see: http://insurance.mo.gov/consumer/complaints/).

Finally, the CAP has established an informal network of state Consumer Assistance Programs, nationwide, for information and best practices sharing as well as to assist in problem solving across consumer assistance programs. The Missouri CAP has participated in conference calls and provided technical assistance to directors of Consumer Assistance Programs in Nebraska, New Jersey, North Carolina, South Carolina, and Tennessee. Missouri's CAP intends to continue to foster these state relationships in the future.

c. Data Management and Reporting

The CAP uses the State Based Systems, which handles all consumer assistance, inquiry, complaints, investigation and enforcement functions, to track and monitor issues and trends. SBS provides

extensive reporting and data extract functions. SBS can track multiple data points, including line of insurance, reason code, disposition, and action taken. The CAP proposed to utilize the extensive reporting capabilities of SBS to provide insurance reports to HHS and to best inform the exchange's functioning. DIFP has modified its SBS program to collect more robust data on consumer problems and inquiries is broken down into the following high level categories: underwriting, policy holder services, claims handling, marketing and sales. Within each of these high level categories are hundreds of codes to help accurately capture the nature of the interaction with the consumer.

The SBS system is able to collect data by zip code to help track issues, dispositions, and complaints based on geographic area. This will assist the CAP in identifying and targeting geographic areas of need and focusing on issue trends throughout geographic regions of the State. The CAP's ability to extract various data elements will provide the information necessary to target outreach to community groups in an area and develop outreach material to address specific issues. The data collection tool also tracks by disposition code and is able report whether education materials were sent to the consumer, and how frequently. The SBS reporting functionality can also identify problems by health plan which will help inform the Show-Me HIE in order to strengthen qualified health plan accountability and functioning of the exchange on an ongoing basis. The CAP will also supplement data collected in SBS with CCIIO's system. This system has additional reporting functions available to states and all states upload data into the CCIIO system.

d. Integration/Coordination with Medicaid

Coordination between the CAP and MO HealthNet is required to determine how best to develop consumer support, application assistance, and complaints and appeals aid to all consumers, including those individuals eligible for Medicaid and CHIP. As such, the CAP has initiated meetings with MO HealthNet and the Family Support Division (FSD) – the DSS divisions that administer the State's Medicaid and CHIP programs – to share information regarding the scope of application assistance, eligibility screening, education, outreach, referrals, appeals and grievances work at their respective agencies.

The CAP will also coordinate its work with existing consumer assistance programs that focus their work on Medicaid , CHIP and Medicare. The CAP will refer clients, when appropriate, to other organizations that can help them navigate Medicaid, CHIP, and Medicare in order to leverage the robust network of consumer education and advocacy programs that have a depth of expertise and long-standing experience assisting consumers.

2. Proposal to Meet Program Requirements

The State will continue to expand and develop its CAP in the coming months and years, with particular emphasis on strengthening community partnerships, expanding its strategic outreach and education efforts, integrating consumer assistance for public health insurance programs with the CAP's traditional foundation of services, and developing infrastructure to be ready for Show-Me HIE implementation.

Commencing in the Fall of 2011, the CAP intends to host regional community-based outreach meetings with community-based partners including community-based organizations, federally qualified health centers (FQHCs), and rural health clinics to introduce the CAP and discuss opportunities for collaboration and coordination. An additional goal of these regional community-based outreach meetings will be to

establish a feedback loop strategy from community-based organizations to the CAP to assess enrollment, appeals, and grievance issues from the field. Based on the stakeholder interviews and environmental scan, the CAP intends to develop an outreach and education plan that will include key milestones.
In addition, the CAP will assess the consumer advocacy capacity of community based organizations, non-profits, and other state and local agencies. The assessment will be used to assist the DIFP in determining opportunities for funding some CAP activities through potential future grants and contracts or agreements with other agencies in order to expand CAP services and reach vulnerable and targeted populations with these services.

The CAP intends to develop a landscape scan on the outreach and education needs of Missouri to determine geographic and demographic based target areas. Based on community outreach and data analysis of consumer complaints, the CAP also intends to identify types of policies that consumers have the most issues with as well as issues that require the most consumer education and assistance.

A high priority in the coming year will be for the State to determine whether some or all consumer assistance functions will be provided by the Show-Me HIE or be maintained as an independent program within DIFP. Missouri has made a preliminary decision to maintain and expand consumer assistance functions within DIFP to support consumers in employer sponsored coverage inside and outside of the exchange, individual coverage inside and outside of the exchange, and Medicaid coverage. The CAP Ombudsman Program will continue in DIFP and handle complaints related to insurance companies and self-insured employer groups and assistance with the first and second level grievance and appeals process. The State's first priority will be to plan for coordination of CAP services among the Show-Me HIE, DIFP and MO HealthNet.

The State intends to use Establishment grant funding to carry out these activities and support CAP infrastructure and services to support Missourians as the exchange becomes operational, including:

- Maintaining 13.35 FTE CAP staffing;
- Retaining consultants to support tool kit development, stakeholder outreach and CAP program and workplan development for 2014 readiness;
- Supporting a grant to a statewide consumer advocacy organization for assistance in convening and communicating with other community-based organizations that facilitate consumer assistance and assisting the CAP in developing a plan for leveraging Missouri's extensive community-based consumer assistance network in the CAP;
- Projecting assistance, complaints and appeal volume based on current experience, projected individual and Small Business Health Options Program (SHOP) based enrollment through the exchange, and experience in the Massachusetts Connector;
- Improving referral policies and procedures for consumer appeals of MO HealthNet eligibility determinations;
- Refining referral policies and procedures for consumer and small business assistance and complaints;
- Providing staff support, meeting space, travel expense, training for CAP Consumer Advisory Board members;
- Developing policies and procedures for consumer appeals of federal subsidy eligibility determinations;
- Defining referral policies and procedures for employer appeals of employer liability; and

- Refining budget and sustainability plan.

Finally, the CAP will continue to refine SBS data collection and reporting capacity to the exchange to support development of QHP criteria, use of CAP complaint data to strengthen qualified health plan accountability, and, establishment of a process for the exchange to review consumer complaint information by plan when certifying qualified health plans.

K. Business Operations/Exchange Functions

The State has completed an analysis of exchange functions, which comprise:

- Review of existing federal regulatory guidance for both the American Health Benefit Exchange and the SHOP and delineation of functions required of SHOP exchanges through the ACA;
- Identification of policy goals and policy decisions for Missouri to consider;
- In-depth evaluation of processes and functions that are unique to the small group market;
- In-depth evaluation of processes and functions that are unique to the individual market;
- Gap analysis of work flows in MCHCP and MO HealthNet compared to functional requirements of the exchange to identify opportunities for integration and savings; and
- Preparation of a high-level timeline for implementation of an exchange.

1. Certification (Recertification, and Decertification of) QHPs

a. Demonstration of Progress

Standards Development

The ACA articulates nine criteria as minimum QHP certification standards, including marketing, network adequacy and quality standards, and directs rulemaking by the HHS Secretary to further define these standards. Proposed exchange authorizing legislation in Missouri (House Bill 609) embraced these criteria as Missouri's standards for certification of QHPs. Future planning and policy option development will be consistent with these criteria, in anticipation of the passage of State legislation next year. Pending further federal guidance, Missouri has conducted an initial landscape scan of existing health plan certification standards through DIFP and the MO HealthNet program.

- **DIFP Carrier Certification, Licensure and Oversight.** Missouri law requires any insurance company who engages in the business of insurance in the State to comply with all laws governing the business of insurance. In addition, an insurance company must have a certification from DIFP that it does indeed comply with the requirements of Missouri's insurance laws prior to transacting insurance business in the State. This certification is commonly known as a "Certificate of Authority" and is renewed annually.

  Missouri law grants DIFP broad authority to investigate the organization of insurance companies operating in the State, as part of the process of granting a Certificate of Authority. DIFP examines all domestic insurance companies before granting a Certificate of Authority. The Department's investigatory authority includes the ability to inquire into the affairs of a corporation organizing an insurance company through the sale of stock, and the ability to investigate the officers of a proposed insurance company. State law prevents the Director of

DIFP from approving an organization or issuing a certificate of authority unless he or she has found that "there is no good reason to believe that the incorporators, directors and proposed officers are affiliated, directly or indirectly, through ownership, control, management, reinsurance transactions or other business relations with any person or persons known to have been involved in the improper manipulation of assets, accounts or reinsurance. (Section 375.183, RSMo 2000). In addition, the Director of DIFP must approve all amendments to the articles of incorporation or charter prior to the amendment becoming effective, and the Director (or his or her appointee) must approve policy forms the company intends to use before issuing a Certificate of Authority.

Companies organized under the laws of another state, which are known as "foreign companies" must also obtain a Certificate of Authority from DIFP. Requirements similar to those described above with regard to domestic companies are in place, requiring the foreign company to provide information about the company, its officers, its financial position, the types of business it will write in Missouri and other necessary information to DIFP. Foreign companies are also required to obtain a Certificate of Authority and to renew it annually.

Entities applying to operate insurance companies in the State of Missouri must demonstrate to DIFP the ability to pay claims as they arise in the normal course of business. Carriers are required to maintain an acceptable level of surplus funds and capital at all times while registered to conduct business in Missouri. DIFP also requires insurance carriers doing business in the State to submit yearly financial statements as part of the annual renewal of their certificate of authority to operate in the State.

Insurance companies doing business in Missouri are required by law to pay claims in a fair and timely manner, as those claims arise. They are also required to adhere to prescribed standards of conduct when dealing with insureds. Ongoing enforcement of this adherence is accomplished through DIFP's Division of Market Regulation.

- **MO HealthNet Managed Care Organization Certification, Licensure and Oversight.** Many of the parameters for Medicaid managed care contracting in Missouri appear to be consistent with the QHP certification criteria articulated under the ACA, including marketing, network adequacy and quality standards. Additional federal guidance will inform gap analysis between the current and proposed structure.

    - **Licensure/Certification:** The Office of Administration, Division of Purchasing and Materials Management (OA/DPPM) and the MO HealthNet Division jointly oversee Medicaid managed care contracting in Missouri. Medicaid managed care plans must be HMOs licensed by DIFP. The MO HealthNet Division is responsible for reviewing and approving Managed Care policies and procedures pursuant to the health plan's contract.

    - **Network adequacy**: Plans must assure adequacy of provider network, which is initially reviewed by DIFP and monitored on an ongoing basis by MO HealthNet.

    - **Marketing and Member Education Materials**: Managed care plans conduct an annual review of their marketing and educational materials to ensure they are in

compliance with state standards. Health plans are required to submit to the State all member and provider materials for prior approval.

- **Quality Assessment, Evaluation and Reports**: MO HealthNet oversees compliance and quality for MO HealthNet's managed care plans including data collection, analysis and reporting on MO HealthNet's managed care program. Key responsibilities include overseeing health plan quality staff and issuing quality related reports based on data submitted by plans.

Procurement Strategy

Missouri has also spent a considerable amount of time developing purchasing strategies related to purchasing care for state employees and Medicaid beneficiaries through the exchange. Missouri has endeavored early in the planning phase to take full advantage of the unique opportunity the ACA offers for the exchange to be a catalyst for change.

The State conducted extensive empirical analysis during this planning phase to better understand the impact of such strategies on the key participants. Missouri has identified a set of important questions to consider during the period of this grant, including:

- How will Medicaid purchase coverage through the exchange? Will it engage in selective contracting or will it use an open solicitation to willing health plans to submit proposals for participation?
- What is the impact on enhanced reimbursement for Medicaid participating providers?
- What is the impact on state-level spending on the Medicaid program by employing this integrated strategy that includes a commercial benefit package and enhanced reimbursement for physicians?
- What is the likely response to such a strategy by health insurance carriers in the State?
- What is the impact on consumers, including Medicaid beneficiaries and other low-income persons?
- How will Missouri purchase coverage through the exchange for its employees?
- Who will provide employee benefit management services for the state?

A number of additional operational questions and policy options need to be developed for future research as to the viability of this model. Working closely with the HIECC, the State's consultants have developed initial models that begin to answer such questions and frame the issues quantitatively and qualitatively such that State leaders can begin outreach to hospitals, physicians, and consumers to solicit input and feedback from these important constituents. In addition, State leaders have begun engaging carriers in a dialogue to understand their concerns and issues. The State will take into account the needs of consumers and their advocates in developing the exchange procurement approach. State leaders will discuss the various options and the components of this procurement strategy with key stakeholders with a particular emphasis on the impact of the procurement strategy on consumers.

b. Proposal to Meet Program Requirements

During the period of this grant, Missouri will work with all stakeholders, including Missouri's Medicaid carriers as well as other carriers, to further develop policy options for the QHP application process. While MO HealthNet will remain a separate risk pool and exchange participating carriers will not be required to offer coverage to MO HealthNet consumers, purchasing strategies that are developed may pursue the twin goals of increasing the number of physicians willing to accept Medicaid beneficiaries thus, hopefully, increasing the number of carriers willing to participate in MO HealthNet.

Certifying QHPs is one of the most important tasks assigned to the exchange. It will be important to create an efficient QHP process that does not duplicate oversight and certification processes already in place through DIFP and MO HealthNet. Using Establishment grant funds, Missouri will begin to fully develop a QHP strategy and approach consistent with federal regulations and guidance, House Bill 609 and reflective of the policy goals important to Missouri.

Finally, the State will evaluate the pros and cons and may contract with DIFP for the certification, recertification and decertification of health plans and dental plans as qualified health plans and dental plans in the exchange.

The State will use Establishment grant funding to build on work completed in the planning phase and to frame policy options related to the following issues:

- Development of a QHP certification process consistent with federal guidance and future State legislation authorizing an exchange;
- Development of purchasing strategies that can be employed to meet the State goals;
- Development of purchasing strategies with respect to State employees and Medicaid beneficiaries; and
- Development of technical and functional IT specifications for the operational aspects of the QHP procurement model.

Missouri, working with key stakeholders, will identify goals and develop a strategy for the QHP application process. In parallel to developing this strategy, the State will develop the appropriate financial and legal documents to begin the application process.

In order to develop the QHP process, the State will need to finalize benefit designs for QHPs, model the funds flow for the exchange administrative fee, broker commissions and any intermediary fees, if applicable, and create a "data book" with the financial information necessary for the insurers to submit an appropriate financial proposal. The data book will contain such information as historic claims data on similar populations (both cost and utilization) which will allow the insurers to accurately model this population utilizing their own cost structure. The State will develop a contract to be executed by the exchange and the carrier that formalizes the terms for QHP participation. The table below outlines a tentative timeline for the QHP application process.

Table 11: QHP Process Timeline

Date	Event	Notes

Date	Event	Notes
January 2013	Kick off QHP application process	Once QHP terms are published, the State will hold a meeting to explain the terms and answer any clarifying questions to interested parties.
April 2013	Invite plans to submit QHP applications	The State will evaluate insurer proposals and then, working with key stakeholders, determine if it is necessary to modify the QHP approach based on such responses. In addition, the State will work with each insurance carrier to finalize contracts before bringing their recommendations to the exchange governing body.
June 2013	Select QHPs	The exchange governing body will approve QHPs. The State will then notify the insurers and kick-off implementation discussions.
July-August 2013	Operationalize QHP participation in the exchange	This will include finalizing business requirements with the QHPs, developing a Policies and Procedures manual, beginning the development of broker and navigator training modules, completing system design and functional workflows, working with the QHPs to review member collateral materials, completing the content for the web portal, brokers and navigators and beginning training with navigators and brokers.
August-September 2013	Develop IT interfaces with carriers.	Enrollment files or secured interfaces with QHPs enrollment and fulfillment system and with the federal system will need to be ready for testing, rating disks or interfaces with QHPs' rating systems for premium quotes will need to be tested and finally a funds flow reconciliation will need to be confirmed..
November 1, 2013 or sooner	Show-Me HIE goes live	The exchange will go live and QHP products will be offered to the market.

2. Call Center

a. Demonstration of Progress

With the award of its HHS Consumer Assistance Program grant, the Missouri DIFP merged its consumer assistance and ombudsman programs, including call center functionality, into a single CAP.

In the initial planning work, the State has reviewed the federal guidance issued to-date and identified functions that will be necessary for the exchange call center. The State conducted this evaluation with a particular focus on the need for high level customer service required to support both the SHOP and individual exchanges.

The SHOP, as a new market entrant, will need to meet the market standards currently available to small businesses. Although the ACA has attempted to drive scale to the SHOP by offering tax credits to those businesses purchasing through the SHOP, the ability of the SHOP to meet the needs of the employer and employee on the dimensions of customer service such as dispute resolution, answering basic questions of purchasing options, handling billing and payment issues, and resolving systemic issues that are creating administrative hassles for the employer, will ultimately determine the success of the SHOP. Micro employers will be a special focus of the SHOP.

Similarly, the success of the Show-Me HIE in attracting and retaining individual consumers to the exchange will depend in large measure on the level of assistance and customer service available to them. Following is a summary overview of the initial and second generation call center functionality which the State envisions for the Show-Me HIE:

Table 12: Call Center Functionality

Function	Baseline	Second Generation
Inquiry Channel Support	• Standard IVR/Phone Features • Paper/Fax inquiry support and response mechanism • Web-portal FAQs and standardized answers for CSRs	• Flexible IVR system to edit/change menu options/languages • Web-portal self-service and inquiry support • Web-portal live chat assistance
Call Handling/Routing	• Volume/balance load control • Call reason code tracking • Complex calls transferred to more experienced CSRs	• Volume overflow management • Dedicated escalation unit • Comprehensive inquiry reason code logic and tracking • Enhance self-service IVR
Call Center CSR Tools	• Access to basic customer and transaction data • Manual job-aids, guides • Internet/web-portal access	• Integrated CSR interface for all inquiries and transaction data • IVR collects/transfers complete customer data across to CSR
Workforce Management	• Emphasis on standardized tasks • Consistent and frequent human performance evaluations • Clear and standard policies & procedures	• Flexible workforce during peak/overflow hours • Skill specialization and cross training of resources • CSR incentives aligned with service value

		propositions.
Source: "*Requirements for a Small Business Health Options Program exchange in Missouri, February, 2011.*" Wakely Consulting Group.		

To evaluate the potential coordination and consolidation of existing state call centers with an exchange call center, the State has assessed current call center capacity in MO HealthNet, FSD (which administers Medicaid, SNAP and other social program eligibility), the DIFP CAP and MCHCP.

There are six consumer hotlines currently operating in Missouri and targeted to consumer inquiries, questions and issues with regard to public and private health insurance:

- The **MO HealthNet Participant Services Hotline** provides assistance to consumers having trouble accessing their benefits. Support of this hotline is outsourced to a vendor and supported by 20 call center seats. Monthly average call volume to the Participant Services hotline is 24,000. The vendor directs inquiries to MO HealthNet Participant Services, three dedicated state staff, if vendor staff is unable to answer consumer questions.
- A **MO HealthNet Managed Care Enrollment Helpline** provides assistance specifically to Medicaid managed care enrollees. This hotline is also outsourced and supported by a 10-person staff fielding an average of 6,400 calls per month; roughly 7% of calls per month are abandoned before they are handled.
- MO HealthNet staffs a **Premium Collections Assistance Line** that handles CHIP, spend-down and other premium collection issues. Six staff are currently dedicated to this function. This hotline receives roughly 13,000 calls per month.
- The **MO HealthNet Case Information Hotline**, also known as the Family Support Division Recipient Services Line, is an automated voice response system providing basic eligibility and case status information for all public benefits, including MO HealthNet, food stamps, and public assistance. This line receives 6,412 calls per month.
- The **St. Joseph Center Hotline** provides application assistance to consumers applying to MO HealthNet. This hotline number is listed on the children and parents' application as well as on the online application. Approximately five Center staff support this line, which receives 3,401 calls per month.
- Missouri's DIFP CAP operates a **Consumer Assistance Hotline**. The DIFP consumer assistance line currently handles private insurance related inquiries and grievances and refers public health insurance inquiries to the MO HealthNet hotlines. Six consumer representatives staff this line, which handles roughly 1,800 calls per month.
- **The MCHCP call center** provides assistance to MCHCP members and MHIP-PCIP members. MCHCP's call center is open 8:30 am to 4:30 pm Monday – Friday excluding state and federal holidays. Currently, seven staff are dedicated to this call center, with additional customer service representatives available during the open enrollment period. The average monthly call volume is 8,082 of which approximately 10% are abandoned before they are handled. However, during the previous open enrollment period in October 2010, call volume was 10,391 with an abandonment rate of approximately 50%.

With the exception of the DIFP CAP consumer assistance line, none of Missouri's existing call centers track the reasons for consumer or provider calls, nor do they code complaints or grievances registered in these calls.

Table 13: Missouri Call Center Operations

Phone Line	Staff	Administered By	Year End 2010 Monthly Call Volume Received	Year End 2010 Monthly Call Volume Abandoned	
				#	%
Mo HealthNet Participant Services	20 IFOX 3 State	MO HealthNet	24,030 589	792 0	3% 0%
MO HealthNet Managed Care Enrollment	10	IFOX	6,412	433	7%
MO HealthNet Case Information	IVR	FSD	3,991	0	0%
Premium Collection Hotline	6	MO HealthNet	13,054	9,344	62%
St. Joseph Service Center Application	5	FSD	3,401	371*	11%
DIFP Consumer Assistance Program	6	DIFP	1,801	0	0%
MCHCP**	7	MCHCP	8,082	808	10%
*Approximately 50 calls per month are abandoned; roughly 320 calls are transferred to after-hours voice mail, but encounter a busy signal. **Staffing, call volume and abandonment rates are higher during the month of October (O.E.)					
Source: "Missouri's Show-Me Health Insurance Exchange: Individual Enrollment and Eligibility Requirements and Recommendations, May 2011" Manatt Health Solutions					

b. Proposal to Meet Program Requirements

The Show-Me HIE will operate a first rate consumer assistance call center in 2014 that provides information, consumer assistance, complaint resolution, and telephonic application capacity. Based on the State's landscape scan, Missouri has determined the need to consolidate existing consumer assistance hotline capacity for CAP, MO HealthNet, the exchange, and possibly MCHCP and FSD.

Specifically the State will use Establishment grant funding to develop vendor specifications and procure a call center vendor to consolidate and support consumer assistance call center capacity. Procurement specifications will be developed keeping in mind that call center information needs across these various agencies and programs are likely to be varied and must be carefully controlled in order to protect the privacy and security of system users. As access policies, procedures and roles are defined, it will be important to ensure that the underlying system has the appropriate level of separation and modularity to support the information access and restriction needs of the program.

3. Quality Rating System

a. Demonstration of Progress

The Show-Me HIE will need to assign a quality rating to each QHP and, as part of minimum certification standards, each QHP will need to report certain quality data to the Show-Me HIE. The State is currently

monitoring for additional federal guidance regarding the quality rating system, as the ACA directs the HHS Secretary to develop a federal system that is to be applied. It is Missouri's understanding that the rating system to be communicated through federal guidance will be similar to CMS' current Stars system for Medicare Advantage plans, where a quality score is derived from: CMS administrative data on plan quality and member satisfaction, the Consumer Assessment of Healthcare Providers and Systems (CAHPS®), the Healthcare Effectiveness Data and Information Set (HEDIS®), and the Health Outcomes Survey (HOS). Missouri is conducting an initial review of the Stars rating system and features to inform Show-Me HIE quality rating system development.

b. Proposal to Meet Program Requirements

The State intends to use Establishment grant funding to support the Cost Containment and Quality Workgroup's analysis of forthcoming federal guidance and develop the Show-Me HIE's quality rating system. As part of this process, the Workgroup will evaluate and build on, to the extent appropriate, existing quality rating methodologies including NCQA, URAC and quality measurement activities currently conducted by DIFP and DHSS. The workgroup will utilize the previously described stakeholder engagement mechanisms as well as convene ad hoc meetings as necessary to ensure that appropriate stakeholder consultation occurs in the development of the exchange quality rating system.

The State has included quality rating functionality in its system business requirements model for the exchange website and will continue to share information with regard to its developing quality rating system with the IT Work Team to ensure complete system development of quality rating functionality and testing and validation of quality rating functionality. The Show-Me HIE workplan includes posting of quality rating information on the exchange website prior to commencement of open enrollment in 2013.

4. Navigator Program

a. Demonstration of Progress

DIFP, working with Manatt Health Solutions has conducted preliminary planning for the exchange Navigator program, including analyzing federal statutory requirements, scanning activity and legislation in other states with respect to Navigator Program development, and preparing a workplan for Navigator Program development and implementation. A summary analysis of work conducted to date is provided as Attachment 12.

b. Proposal to Meet Program Requirements

The State will continue to develop its Navigator program throughout the next 12 months. Missouri's 2011 priorities include conducting targeted stakeholder meetings to inform and guide decision making with respect to determining Navigator qualifying criteria, the entities that the Show-Me HIE will target for Navigator program participation, and how best to leverage the State's robust broker/agent market, network of community and consumer-focused organizations, and consumer assistance programs as key resources for the exchange outreach, education and enrollment assistance strategy.

The State will use Establishment grant funding to obtain consultant support for analysis of forthcoming federal guidance and Navigator program development in other States. Consultants will also work with

DIFP to engage producer and consumer stakeholders in the development of the State's Navigator program.

5. Applications and Notices

a. Demonstration of Progress

The State has advanced its planning process for Show-Me HIE application and notice capacity by conducting a thorough evaluation of existing application and notice policies and process at MO HealthNet and MCHCP, and development of recommendations to align MO HealthNet application policy and process with the exchange.

(i) MO HealthNet Application and Notices

Application: Consistent with the ACA, MO HealthNet currently has one uniform application for children and parents applying for Medicaid and CHIP and separate application for Aged, Blind and Disabled populations. The State intends to wait for the federal model application and revise it (consistent with ACA requirements) for use in the Show-Me HIE. As an initial step, the State, working with Manatt Health Solutions, has assessed the eligibility criteria necessary to apply for coverage under MO HealthNet/CHIP against eligibility for exchange coverage. The State has concluded that the majority of eligibility factors in the current Missouri application for non-disabled children and adults applying for Medicaid are consistent with eligibility data required by the ACA on the uniform application. Some eligibility questions on the current MO HealthNet application must be deleted or modified. Several eligibility requirements in Missouri Medicaid/CHIP may be eliminated or maintained at state option.

Table 14: Application Eligibility Criteria Summary

Missouri Show-Me HIE Application Eligibility Criteria MO HealthNet, ACA Subsidies, Exchange Coverage			
	Missouri Medicaid/CHIP	**ACA: Medicaid/CHIP and Tax Subsidies**	**ACA: Purchase Coverage with No Subsidies**
Name	✓	✓	✓
Social Security Number	✓	✓	✓
Residency/Address	✓	✓	✓
Citizenship/Immigration Status	✓	✓	✓
Income	✓	✓	
Date of Birth	✓	✓	
Other Health Insurance	✓	✓	
Pregnant	✓		
Household Members	✓	✓	
Place of Birth	✓		
Absent Parent/Spouse	✓		
Asset Test	✓ (CHIP only)		
Source: "Missouri's Show-Me Health Insurance Exchange: Individual Enrollment and Eligibility Requirements and Recommendations, May 2011," Manatt Health Solutions.			

Notices: Currently, MO HealthNet notices are generated by the State's legacy system for social service program eligibility, the FAMIS system. State Medicaid leadership and staff generally agree that current notices are neither visually pleasing nor consumer friendly. It is also extremely cumbersome and time consuming to make changes to notices. FAMIS does not provide the notice system upon which to build exchange notice capacity.

(ii) MCHCP Application and Notices

Applications: MCHCP recently transitioned its enrollment process to an online application system. Currently, new state employees and/or current state employees (during the open enrollment period) can apply for medical, dental and vision coverage through an online application. MCHCP plans to build additional enrollment functionality to its website in the coming months, including employee change functionality. In addition, MCHCP's VoIP phone system has IVR capabilities to allow for telephonic enrollment. MCHCP also has an internal web application system that allows MCHCP staff to process enrollments via phone calls. Finally, state employees can also mail-in applications.

Notices: Notices at MCHCP are generated through COBOL reporting tools. At this time, the system does not have workflow automation processes in place to generate notices to members. The State has planned a future project which will enable MCHCP to generate notifications electronically. Prior to the open enrollment period, MCHCP provides members with information on new plans. Information on premiums, benefits and plans available are mailed to members and posted on the MCHCP website.

b. Proposal to Meet Program Requirements

The State envisions the majority of applications in the Show-Me HIE as being submitted online and by telephone and has included in its business process models for the Show-Me HIE online and telephonic application functionality. Missouri will also provide in-person/mail-in paper application capabilities for those who are unable to apply online or telephonically. The State intends to review and adapt the federal model application for use in Missouri, and plans to work with stakeholders, including consumer groups and health literacy experts, to test and refine the application prior to the launch of the exchange open enrollment period in 2013. Missouri will ensure application and renewal processes are compliant with the ACA.

Similarly, the State is building new notice capacity through its exchange IT infrastructure development process. Missouri acknowledges the need to develop notices for Medicaid eligibility determinations that are compliant with state and federal Medicaid regulation as well as case law. The MO HealthNet program intends to convene a special Notice Work Team, including health literacy experts, that will collaborate with the Show-Me HIE to develop notice content that is suitable for Medicaid consumers.

6. Outreach and Education

a. Demonstration of Progress

Recognizing the importance of public and stakeholder outreach and education in advancing the successful planning and implementation of the Show-Me HIE, the State is developing a strategic communications initiative, supported by a carefully crafted communications and education campaign, to ensure reach to broad health care constituencies.

Key projects currently completed or in progress include:

- A well-defined, multi-tiered Strategic Education & Communications Plan for HIE Implementation—though portions have been implemented and others await implementation, this plan is still considered a work-in-progress as new audiences and/or constituencies are added to the mix (in progress);
- The HIECC's Vision, Mission and Principles document;
- Initial messaging development. Messaging will be appropriately adjusted as the HIE concept is advanced in the state and as new audiences and/or constituencies are added (in progress);
- A draft of the Show-Me HIE Frequently Asked Questions and Answers document;
- Finalized Media Matrix for all Missouri newspapers, magazines, television stations, radio stations, blog journals and wire services (in progress); and
- Daily monitoring of media for national ACA developments and Show-Me HIE-related news (in progress and ongoing).

b. Proposal to Meet Program Requirements

Successful implementation of the Show-Me HIE in Missouri will require careful execution of an aggressive, statewide strategic outreach and communications plan to facilitate understanding and take-up of the health care options and benefits that a Show-Me HIE will provide all Missouri citizens. The State will use Establishment grant funding to further develop and implement such a plan. The strategic outreach and communications plan will be informed by the market analysis/environmental scan being conducted by the Missouri CAP (see Section J). The State intends to share the outreach plan with stakeholders and HHS for input and refinement prior to execution and on an ongoing basis. Finally, the State will develop a performance metrics and evaluation plan to monitor the efficacy of the outreach initiative and expand, adjust or revise the plan as necessary. Following are key elements of the Show-Me HIE strategic outreach and communications plan:

Message Development and Consistency:
Consistent messaging that clearly articulates the implementation plan for the Show-Me HIE and how it will benefit Missouri citizens is critical to a successful outreach and education effort. Various vehicles for distribution of the strategic messaging will include, but not be limited to:

- A one-page brochure/memo highlighting the key features of the Show-Me HIE. This document would be shared with key decision makers and media throughout the State;

- An informational backgrounder document/booklet to define and explain the Show-Me HIE. This backgrounder would be prepared for potential distribution to healthcare reporters and key communicators across Missouri;

- A question-and-answer document for distribution at town hall meetings, State Agency forums and events. This document also would be utilized with key members of the media to guarantee the strategic message is consistent and easy to understand; and

- A series of boilerplate press releases highlighting the goals and objectives of the Show-Me HIE. These releases would be utilized and appropriately distributed to local media outlets through

local elected officials, community leaders, and key stakeholder organizations to help educate Missouri citizens on the benefits of a health insurance exchange in Missouri.

Utilize Third Party Messengers to Promote the Show-Me HIE

An effective approach to helping educate Missouri residents about the benefits of the Show-Me HIE program is to provide third party messaging. The Missouri stakeholder meetings have generated a large pool of potential third party messengers who can be utilized to promote the benefits of the Show-Me HIE program and to provide strategic support from various business, community, consumer and health organizations.

Utilizing key business professionals, community leaders, elected officials, and stakeholder advocates, the Show-Me HIE program would strategically place opinion editorials/letters to the editor in key publications across the State of Missouri. These key opinion editorials will provide valuable information to help educate Missouri residents about the features, services and benefits of the Show-Me HIE.

The State will target messaging to the currently uninsured. A particularly critical audience to approach with tailored messaging is the "young invincibles" demographic. This demographic generally consists of healthy adults between the ages 19 to 39. The vast majority are male. According to research conducted in Massachusetts during that State's development of its state health reform law and health insurance exchange, these young adults tend to resist purchasing health insurance because they are healthy and would rather play the odds than pay for a plan they feel they will not use and/or feel they cannot afford. Well-crafted messages rather than third party messengers resonate more effectively with this demographic group, according to the market research. To effectively reach this audience, building off of Massachusetts' experience, the State will initiate corporate and civic partnerships as part of its public education campaign, as well as enlist sports organizations like the Kansas City Royals, the St. Louis Cardinals, the Chiefs and the Rams to help deliver its messages. Social media, such as Facebook, Twitter and LinkedIn, will also be incorporated as part of the campaign.

Guide Media Relations

Utilizing a statewide media list for the Show-Me HIE, the strategic message will be shared with targeted traditional healthcare reporters, broadcasters and editors, ensuring the important messaging is included in their relevant news coverage.

Media/Presentation Training

To ensure consistency in messaging and articulation of the Show-Me HIE program, media and presentation coaching is recommended for key members of the HIECC and potential third party messengers.

Evaluation Plan

Another important component of the outreach and education plan will be monitoring stakeholder reaction and feedback, and altering messaging as needed, including real-time monitoring of media throughout Missouri and managing media outreach.

7. Adjudication of Appeals of Eligibility Determination

a. Demonstration of Progress

The State has advanced its planning process for the adjudication of eligibility appeals in the Show-Me HIE by conducting a landscape scan of the existing appeals infrastructures in its Medicaid program and MCHCP.

MO HealthNet currently manages an individual appeals process for consumers denied Medicaid eligibility. The program administers roughly 600 consumer Medicaid eligibility appeals per month in total. The vast majority of these eligibility hearings are appeals of disability and long-term care determinations; very few appeal cases relate to Medicaid eligibility for non-disabled adults and children. The MO HealthNet Division of Legal Services oversees the hearings unit and is comprised of ten hearing officers. These hearing officers, who are licensed attorneys, are responsible for sending out notices and conducting eligibility hearings. There are hearing officers assigned to five regions throughout the State and the majority of the eligibility hearings are conducted by telephone.

MCHCP currently has a customer support process for appeals and administrative follow-up that follow state and federal laws. MCHCP's software, developed in-house, tracks appeals, status, and action taken on appeals and includes automated correspondence letters to members on appeal status and decisions.

b. Plan to Meet Requirements

In 2014, nearly 1 million Missourians will seek coverage through the exchange; over 400,000 of these will obtain Medicaid coverage and an additional 190,000 will apply for federal tax subsidies.[3]

Pursuant to federal guidance, individuals may contest eligibility determinations for premium subsidies and exchange participation. In addition, the exchange must notify employers when one or more of their employees is determined to be eligible for advance payment of a tax credit because the employer does not offer minimum essential coverage, the coverage is not affordable or it does not meet the minimum value requirement. In these cases, the exchange must also offer the employer an opportunity to appeal. By the end of 2011, states are required to begin developing requirements for systems and program operations for notification and appeals for employer liability. In 2012, the State is required to begin developing business processes and operational plan for appeals functions and to establish resources to handle appeals of eligibility determinations.

Guidance regarding the appeals process for federal tax credit eligibility, which will be determined by HHS, is forthcoming. Such guidance will inform Missouri's approach to developing or delegating eligibility appeals capacity.

Missouri will apply Establishment funding to the development of the systems and infrastructure capacity to administer appeals functions. The State will evaluate federal guidance with respect to appeals determination, confirm whether Medicaid/CHIP eligibility appeals will be referred to MO HealthNet or adjudicated by the exchange, and build a referral mechanism for a federal subsidy eligibility appeals process.

[3] Urban Institute HIPSM-MO 2011.

8. Risk Adjustment and Transitional Reinsurance

a. Demonstration of Progress

Wakely Consulting has provided DIFP with a paper outlining important considerations in risk adjustment and reinsurance. A copy of ***Risk Adjustment under the Affordable Care Act*** is provided as Attachment 13. This paper forms the basis of decisions and timelines going forward and addresses risk adjustment and reinsurance issues such as:

- What software to use;
- What data to use;
- Whether to apply the model prospectively or retrospectively;
- How to integrate results with allowable rating variables;
- How to integrate risk adjustment with reinsurance;
- What premium to use to calculate the funds flow; and
- Timing of dry run, data collection, etc.

b. Proposal to Meet Program Requirements

Missouri will use Establishment grant funding to enable DIFP to continue to work with Wakely to develop a Missouri-specific timeline for a test run on risk adjustment and final implementation. Health Plan input will be sought. Pending regulations and guidance from CCIIO regarding the data collection, federal support and oversight, reinsurance provisions and other aspects of risk adjustment and reinsurance will significantly affect State planning. However, data collection and health plan planning can begin over the next six months.

9. Exchange Website and (Premium Tax Credit and Cost-sharing Reduction) Calculator

a. Demonstration of Progress

Missouri's exchange portal will be designed to meet the requirements of ACA and CCIIO guidance, based on these principles for the eligibility and enrollment process:

- ***Consumer Friendly***
  - Helps consumers understand options;
  - Helps families apply online and provides assistance and education to help individuals, employees of small businesses, and families obtain coverage
  - Provides for a single, streamlined application form; and
  - Reduces administrative burden on applicants.

- ***Coordinated***
  - Coordinates Individual and SHOP exchanges, Medicaid and CHIP; and
  - Coordinates premium tax credits.

- ***Simplified***
  - Uses MAGI determinations;

- Requires minimal and standardized information; and
- Performs paperless verification and eligibility determinations.

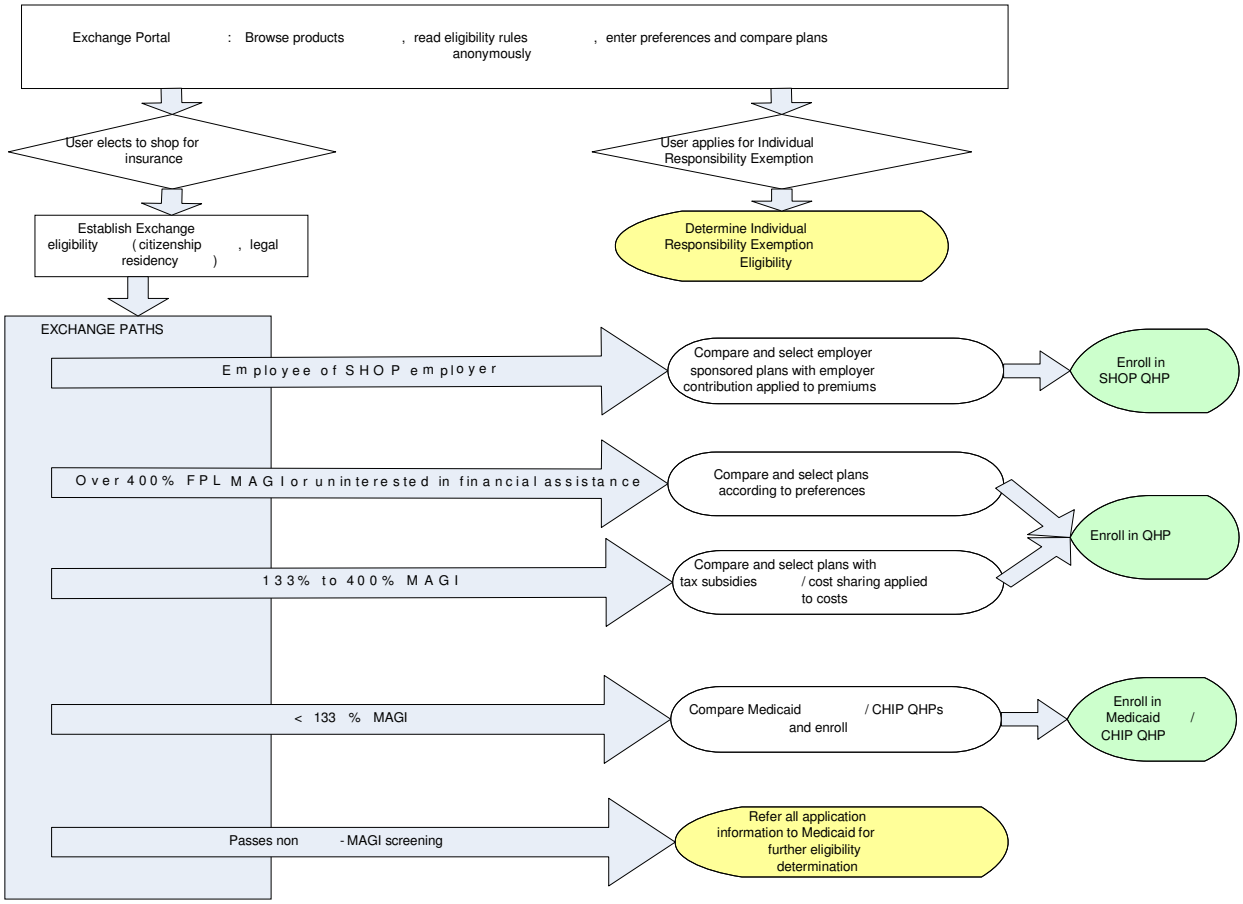
- ***Technology-Enabled***
  - Maximizes data-matching to support eligibility determinations;
  - Maximizes the role of the internet in the shopping and choice experience;
  - Provides for secure and confidential electronic exchange of data; and
  - Uses Secretary-established IT standards and protocols.

Missouri has begun mapping the Show-Me HIE web portal processes as the access point for individuals, employees, and employers to make an informed decision when purchasing health insurance coverage, and to help guide users to the best option based on their situation and needs. The Show-Me HIE team is participating in the Enrollment UX 2014 national project designed to help develop a common user interface for state insurance exchanges. The web portal will include a 'generic' cost calculator and comparison tools to allow shoppers to browse available products including QHPs, Medicaid and CHIP plans based on user-entered preferences, and to read eligibility rules and compare premium tax credit and cost sharing categories without applying. After users apply and receive eligibility determinations, they will be presented with eligibility-specific cost calculations, health plan comparisons, ratings and enrollee satisfaction survey data to enable informed plan evaluation before initiating enrollment.

b. Proposal to Meet Program Requirements

The following diagram shows the basic paths through the HIE portal envisioned by Missouri. Note that some qualifications may overlap (for instance, employees may be eligible for federal tax subsidies or Medicaid if employee contribution is high or income is low) and some depend on user options (for instance, individuals may elect not to provide income information and purchase insurance without financial assistance).

Figure 10: Exchange Portal Pathways



10. Eligibility Determination (of Exchange Participation, Advance Payment of Premium Tax Credits, Cost-sharing Reductions, and Medicaid); and

11. Seamless Eligibility and Enrollment Process with Medicaid and applicable State Health Subsidy Programs

a. Demonstration of Progress

Missouri envisions an individual subsidy eligibility and health plan enrollment process in the Show-Me HIE that is paperless, transparent, real-time and seamless for all consumers, regardless of the subsidy for which they are eligible.

To support its operations planning process and IT system development work for the creation of a seamless, integrated eligibility and enrollment capacity in the Show-Me HIE, the State completed a comprehensive report, the ***"Show-Me Health Insurance Exchange: Individual Eligibility and Enrollment Requirements and Recommendations,"*** which details individual eligibility and enrollment policy, process and implementation recommendations for the Show-Me HIE. This report, included as Attachment 14, includes a detailed legal and gap analysis that addresses:

- The functional requirements of an individual eligibility and enrollment process for the Show-Me HIE, including the requirements of Medicaid and CHIP;
- The existing eligibility and enrollment requirements and capacity in Missouri's MO HealthNet Division, FSD and other divisions and agencies that determine eligibility for state sponsored health insurance programs; and
- Implementation options, recommendations and next steps for leveraging existing resources and developing new strategies to meet the requirements of the ACA.

A summary of subsidy eligibility recommendations and next steps described in further detail is provided below:

Table 15: Show-Me Eligibility and Enrollment Recommendations

ShowMe HIE Individual Eligibility and Enrollment Requirements and Recommendations - Summary of Next Steps	
Telephone Application	▪ Draft telephone procurement specifications. ▪ Develop telephone application policies and business practices.
In-Person Application	▪ Develop training program for FSD eligibility specialists to assist consumers who are ineligible for Medicaid/CHIP in determining eligibility for tax subsidies and enrolling in coverage through the Exchange. ▪ Determine role of consumer assistance program, Navigators, community-based networks, agents and brokers in providing in-person application assistance. ▪ Determine training needs to ensure that agents, brokers and Navigators are able to serve all consumers, including those eligible for public programs. ▪ Develop in-person application policies and business practices.
Mail-in Application	▪ Confirm recommendation for supporting Exchange mail-in application capacity through vendor procurement. ▪ Draft vendor procurement specifications. ▪ Develop mail-in application policies and business practices.
Application Form	▪ Await CMS Guidance on model application. ▪ Develop ShowMe HIE application.
Electronic Verification	▪ Determine whether Missouri will develop multiple interfaces for electronic verification of income; identify interfaces. ▪ Monitor CMS guidance and technical specifications for federal agency verification interfaces. ▪ Determine whether Missouri will pursue Express Lane Eligibility at or before HIE implementation in 2014.
Paper Documentation	▪ Confirm paper documentation "exception" requirements and processes for those consumers whose eligibility information cannot be verified through electronic data matching. ▪ Determine whether Missouri will continue to require documentation of pregnancy for Medicaid eligible women.
Income and Assets	▪ Monitor CMS guidance on determining household income. ▪ Develop business rules for MAGI eligibility determination based on CMS guidance. ▪ Determine whether Missouri will maintain or reduce its pregnant women eligibility levels from 185 percent to 138 percent of the FPL. ▪ Determine whether Missouri will extend presumptive eligibility to all children and to adults who do not receive a real-time eligibility determination through the Exchange.
Exception Cases	▪ Determine whether Missouri will maintain its CHIP waiting periods ▪ Develop process within Exchange for identifying consumers with access to affordable employer sponsored insurance. ▪ Determine eligibility exception process for Medicaid eligible 5-year bar immigrants.
Change Reporting	▪ Monitor CMS guidance on change reporting and establish change reporting policy for Exchange. ▪ Determine whether Missouri will pursue continuous eligibility for non-disabled adults and children in Medicaid/CHIP. ▪ Develop change reporting policies and business practices enabling online, in-person, mail and phone change reporting.
Renewal	▪ Monitor HHS guidance on renewal. ▪ Develop renewal policies and business practices enabling online, in-person, mail and phone change reporting.

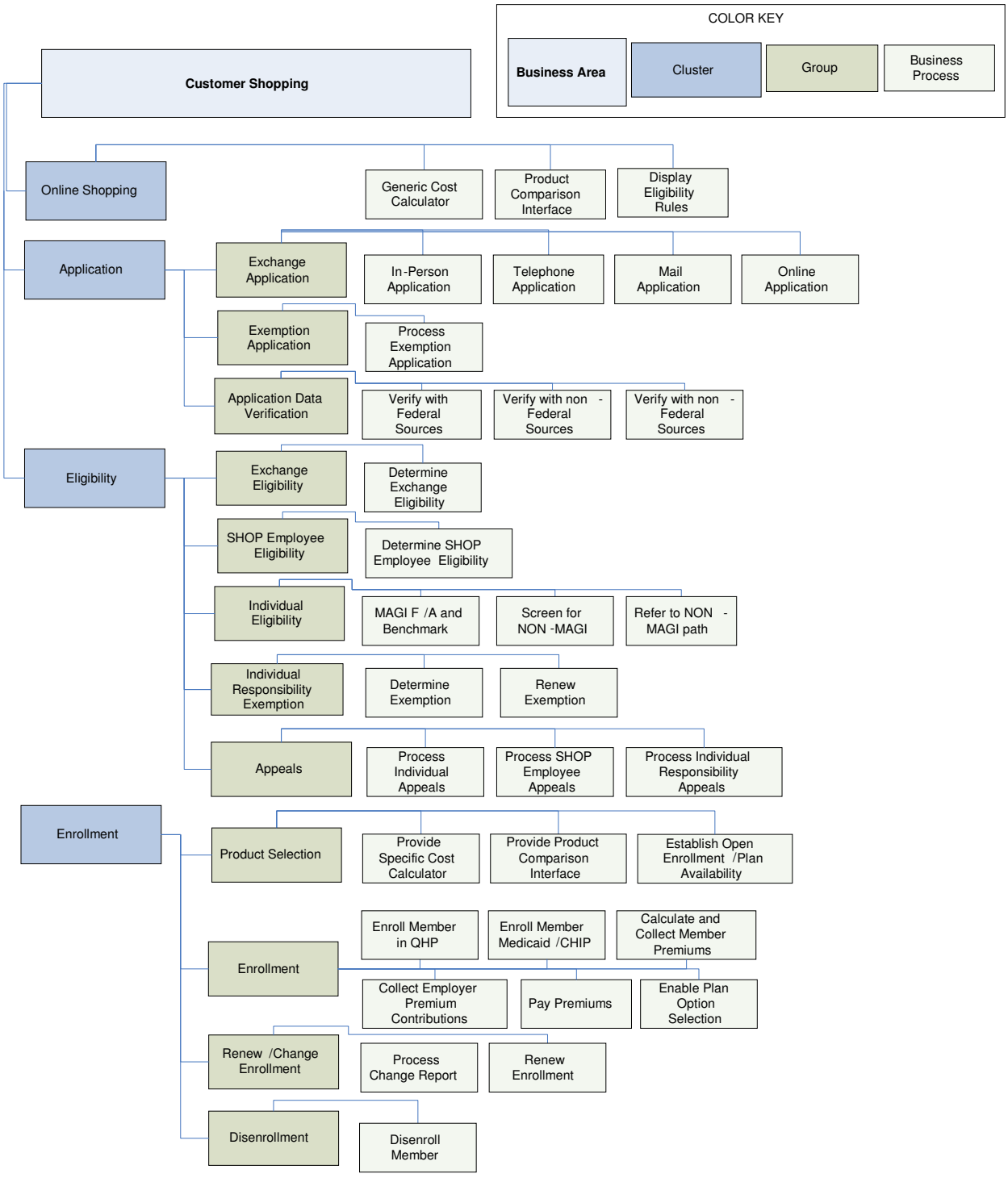
Building on this foundational work, Missouri has also drafted a BPM for the exchange, using MITA principles and keeping with the exchange Reference Architecture defined by CMS for exchange Early

Innovator grant awardees. The BPM will continue to be refined as planning and implementation proceed, and to take into account future federal guidance as the exchange Reference Architecture (ERA) is completed and refined by CMS. Attachment 15 shows a high-level matrix of the current Missouri BPM, as well as a crosswalk from the currently defined activities in the ERA BPM. In determining the best implementation strategies to meet the business requirements and vision, Missouri will consider leveraging:

- Eligibility and Enrollment systems and components produced by Early Innovator states;
- The Federal model for a single, streamlined application;
- The Federal Hub; and
- All existing Missouri systems.

Following is a high level depiction of the Show-Me HIE BPM for Consumer Shopping, including Eligibility and Enrollment functionality.

Figure 11: HIE BPM Consumer Shopping



Extensive assessment has been done of Missouri's operational units and state agencies to determine capacities currently existing in Missouri's public health care system and exchange planning will use this knowledge to integrate new processes with existing infrastructure and operations in the most efficient

manner that accomplishes the ultimate goal of a retail-like shopping experience for all Missourians seeking health care.

b. Proposal to Meet Program Requirements

Missouri will use Establishment grant funding to continue to plan a seamless integration of eligibility and enrollment for the exchange, Medicaid and CHIP, and other related state programs, building on the requirements and recommendations developed during the planning to date.

Missouri intends to build the Show-Me exchange portal as the single entry point for all of these programs, and will implement the eligibility and enrollment process such that all paths converge on that portal, including in-person, telephone, mail and online requests for insurance or financial assistance with health care costs. The single, streamlined application will collect all information needed to establish exchange eligibility and all MAGI-based categories of financial assistance eligibility, including exchange premium tax credits, cost-sharing reductions, Medicaid and CHIP. The portal will interact with federal and state data sources to produce real-time eligibility determinations, with existing systems enhanced as necessary or new systems to achieve real-time MAGI Medicaid eligibility determinations and enrollment, and with QHP issuers to achieve real-time QHP enrollment, to the extent feasible. The exchange portal will also include initial screening evaluations for non-MAGI Medicaid eligibility, and will redirect applicants to existing Medicaid eligibility determination processes as appropriate, transferring all gathered information.

Missouri expects that future implementation phases will build on the initial exchange functionality to further integrate State programs such as TANF and SNAP, and to enhance or replace legacy systems to move towards 24/7/365 real-time eligibility and enrollment for all Missourians seeking health insurance regardless of their income or situation, with the maximum degree of automation and accuracy. It is also expected that ongoing federal guidance will produce iterative revision and refinement of the BPM and functional and architectural design through the upcoming planning phases of the exchange.

12. Enrollment Process

a. Demonstration of Progress

Pursuant to the ACA, a critical exchange function is consumer shopping and health plan enrollment. The State has completed an in-depth evaluation of the shopping and enrollment capacity necessary to support both the individual and SHOP exchange functionality, analyzing ACA requirements and subsequent CMS guidance.

b. Proposal to Meet Program Requirements

The Show-Me HIE will offer consumers, including Medicaid eligible individuals, the opportunity to shop for and enroll in health plans through the exchange including business practices to provide information regarding health plan product offerings through collateral, online and call center.

This portal will provide a customer shopping experience that allows users to browse and compare products and prices, read eligibility rules and thresholds, purchase and enroll in QHPs, apply for financial assistance with QHPs or via Medicaid or CHIP, and apply for an individual responsibility exemption. The Show-Me exchange portal will also provide enrolled members with account management capabilities

including eligibility criteria change reporting, renewals, disenrollments, and plan changes due to significant events or during open enrollment periods. In addition it will serve as an intake point for appeals of any of these determinations.

13. Individual Responsibility Determinations

a. Demonstration of Progress

The Show-Me HIE portal will manage individual responsibility exemption applications. Individual responsibility determinations will be performed in cooperation with federal sources and automated to the extent possible, and notification of determination will be an HIE function as well as management and adjudication of appeals. Missouri has included these processes in the BPM and will continue to define the detailed business requirements as further CMS guidance and system design occurs.

b. Proposal to Meet Program Requirements

Provided that the individual responsibility provision of the ACA remains in effect and is not prohibited by the federal courts, the Show-Me HIE will develop appropriate functionality to administer this provision of the ACA. The exchange will use the validated data and responses from federal and non-federal sources to determine and communicate eligibility to individuals. It will include procedures for resolution of data discrepancies, be automated to the extent feasible, and perform the appropriate notifications of exemptions to federal agencies and applicants. It will accept, manage and communicate adjudication of appeals of individual responsibility exemption determinations. The detailed business and functional requirements for these processes will be designed and developed in conjunction with CMS guidance and will be further informed by Missouri's participation in the Enrollment UX 2014 national project.

14. Administration of Advance Premium Tax Credits and Cost-sharing Reductions

a. Demonstration of Progress

The ACA requires exchanges to evaluate and determine eligibility for applicants in Medicaid, CHIP and other health programs. Once eligibility is determined, the next step is for the exchange to determine the enrollee's eligibility for premium tax credits and cost sharing subsidies. For example, sliding scale premium subsidies will be provided through premium assistance tax credits designed to limit lower-income enrollee monthly premium contributions toward the second-lowest priced Silver plan, based on a sliding scale, to no greater than 2% - 9% of income. Reduced cost-sharing subsidies are intended to reduce a plan's out of pocket maximum for individuals, families and lawful aliens who qualify based on income and enrollment in the second lowest-priced silver tier QHP. Importantly, the financial impact of both premium tax credits and cost sharing subsidies need to be accurate, transparent, and provided real-time to the enrollee on the exchange website, or explained to the enrollee when she or he completes an application in person, by mail or by telephone.

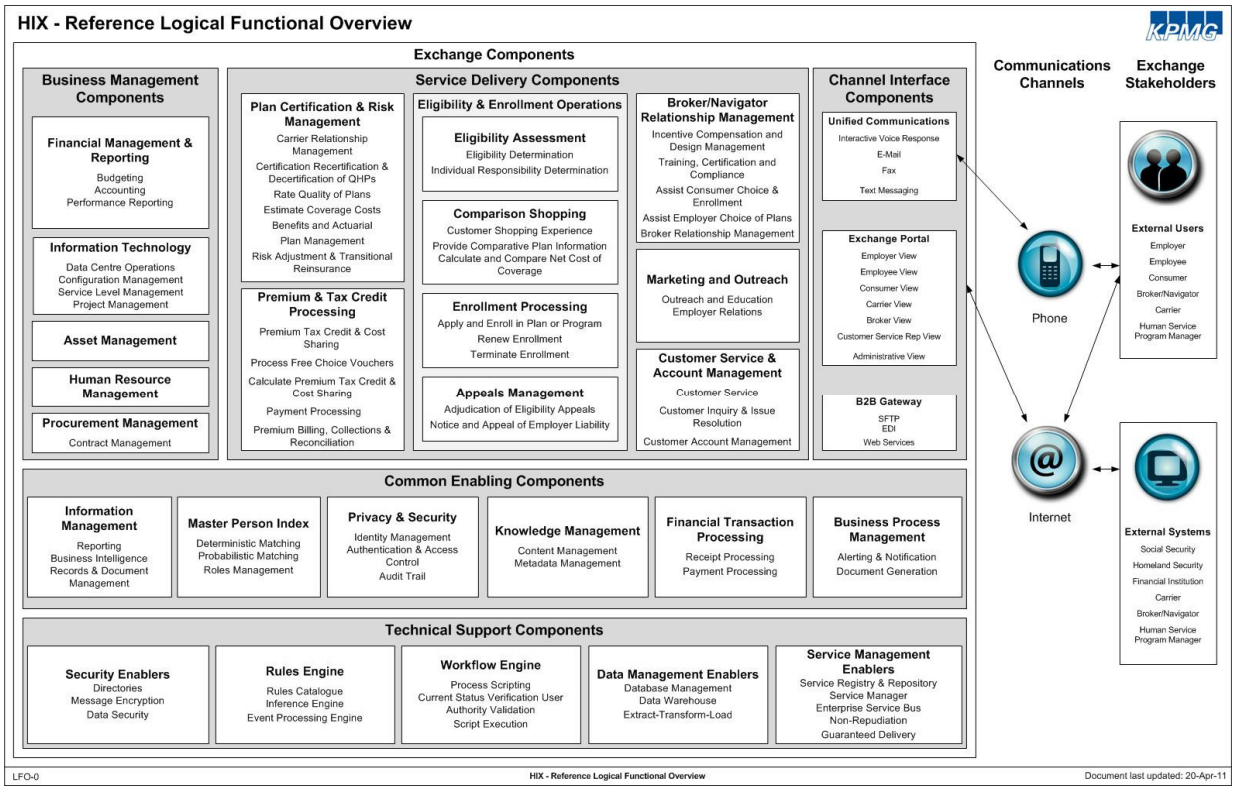
The application and administration of advance premium tax credits and cost sharing reductions includes building a process to continually notify and update HHS throughout a member's enrollment cycle: (1) when initially enrolled; (2) upon termination from the exchange; or (3) when another change occurs that affects an enrollee's tax credits or reduction in out-of-pocket costs such as a change in an enrollee's income level. The same type of information needs to be communicated to the QHPs selected by the enrollee and to the Department of Treasury.

Administering these activities and building the corresponding systems functionalities will involve developing a complex set of interrelated processes to ensure the accurate administration and financial integrity of these key Business Operations of Missouri's Show-Me HIE.

The exchange is also responsible for assisting with the reconciliation process of advanced premium and reduced cost-sharing tax credits by providing information to the taxpayer and Treasury about any health plan provided through an exchange. The exchange is required to notify the Department of the Treasury of any employee deemed eligible for a premium tax credit subsidy but whose employer is not meeting the minimum essential, affordable coverage requirement. Additionally, the exchange will need to be able to provide Treasury with information about a taxpayer's health plan, including the premium, level of coverage, all subsidies and tax credits, as well as any change of circumstances that impacts eligibility for subsidies. Further, the exchange must inform Treasury when an employee whose employer is not providing minimum essential affordable coverage has ended coverage in a QHP offered by the exchange.

Based on an assessment of these key functions of the core Business Operations of Missouri's Show-Me HIE, Missouri has developed the logical functional overview shown below:

Figure 12: Show-Me HIE Logical Functional Overview



As depicted in this diagram, Missouri has identified preliminary functional requirements for systems, website and program operations related to premium tax credits and cost sharing reductions.

b. Proposal to Meet Program Requirements

Pending the release of federal guidance on tax credits and subsidies, Missouri will further develop this work in 2011. The work plan will include refining processes and systems specifications for providing relevant information to QHPs and HHS to start, stop or change the level of premium tax credits and cost-sharing reductions. Missouri will commence systems development in the second quarter of 2012, with a goal of initiating user testing by the end of 2012.

15. Notification and Appeals of Employer Liability

a. Demonstration of Progress

Under the ACA, an employer may be imposed a tax if the exchange has determined that the employer does not provide minimum essential coverage or the employer does not provide affordable minimum essential coverage. Section 1411(f)(2) of ACA requires that HHS establish a process by which an employer can appeal the determination that it may be liable for a tax. While Missouri awaits further federal guidance on this requirement, the exchange planning process has nonetheless assumed that employer appeals will flow through the IT system in the same way as individual enrollee appeals.

b. Proposal to Meet Program Requirements

Missouri expects to begin developing business processes and an operational plan for appeals functions by the end of second quarter 2012. A Project Associate and Operations Analyst, hired in January of 2012, will assist the Chief Operating Officer in achieving this goal. By the end of fourth quarter 2012, Missouri expects to have established resources to handle all forms of appeal determinations, including related training. The planning timeline further calls for the exchange to test the appeals process by the end of third quarter 2013 or by the beginning of open enrollment. This schedule will allow the Show-Me HIE to begin receiving and adjudicating requests for appeals as early as the beginning days and weeks of 2014 when the exchange will be fully operational and open for business.

Appeals management is captured in the Eligibility and Enrollment Operations component under Service Delivery in the logical functional overview diagram above.

16. Information Reporting to IRS and Enrollees

a. Demonstration of Progress

Section 1401 (f)(3) of ACA requires the exchange to provide certain information to any enrollee and to report this information to the Internal Revenue Service (IRS). This information is vital for the IRS' overall tax administration of the premium assistance tax credit and for enrollees' ability to claim or reconcile the credit on their tax filing at the end of the tax year.

While Missouri awaits more federal guidance on this requirement, the State has begun developing a means of capturing the required data and is drafting specifications for building the capacity to communicate the required information to both the IRS and the enrollee.

b. Proposal to Meet Program Requirements

These efforts are expected to accelerate in the second half of 2011 with the hiring of a Director of Finance and a Budget Manager, pending further guidance from HHS, leading to systems development work in first quarter 2012 and testing in the third quarter. This schedule will allow the Show-Me HIE to be ready to produce necessary reports in early 2014 when the exchange is fully operational and up and running.

Information Reporting is captured in the Reporting component under Common Enabling Components in the logical functional overview diagram above.

17. SHOP Exchange-specific Functions

a. Demonstration of Progress

The State's project team has completed an in-depth evaluation of processes and functions that are unique to the small group market, "***Requirements for a Small Business Health Options Program (SHOP) exchange in Missouri"*** (Attachment 16). In contrast to the American Health Benefit Exchange, in which there will be a high level of integration with and connectivity to the MO HealthNet program and other publicly subsidized programs, the SHOP exchange will need to create an efficient and administratively simple process for small employers, similar to the standards currently found in the commercial health insurance market in Missouri. In fact, to compete with health plans and become a destination for the purchase of health insurance by small employers, the SHOP will need to be able to serve the needs of small employers as least as effectively as the current market options.

Throughout it's exchange planning process, the State has identified a number of specific functions which fall under one of the following seven broad SHOP processes: (1) Eligibility & Enrollment; (2) Billing, Collections & Premium Reconciliation; (3) Customer Service; (4) Premium Tax Credit Tracking; (5) Broker Management; (6) Payment Processing; and (7) Financial and Management Reporting.

In addition, to provide a level of flexibility in developing implementation planning, the State's analysis differentiates between "Baseline" functionality necessary for Day 1 of operations and "Second Generation" functionality representing a "best in class" function for the employer group management process.

Depending on the goals established by Missouri for the SHOP, the second generation functionality may be what the State desires at the inception of operations. Or, second generation functionality may be desirable only after the exchange has been in operation for a period of time, and demand for such utility can be determined by actual exchange users. As the State begins the IT build-out of the exchange infrastructure, these types of design questions will be decided and reflected in the IT detailed functional specifications.

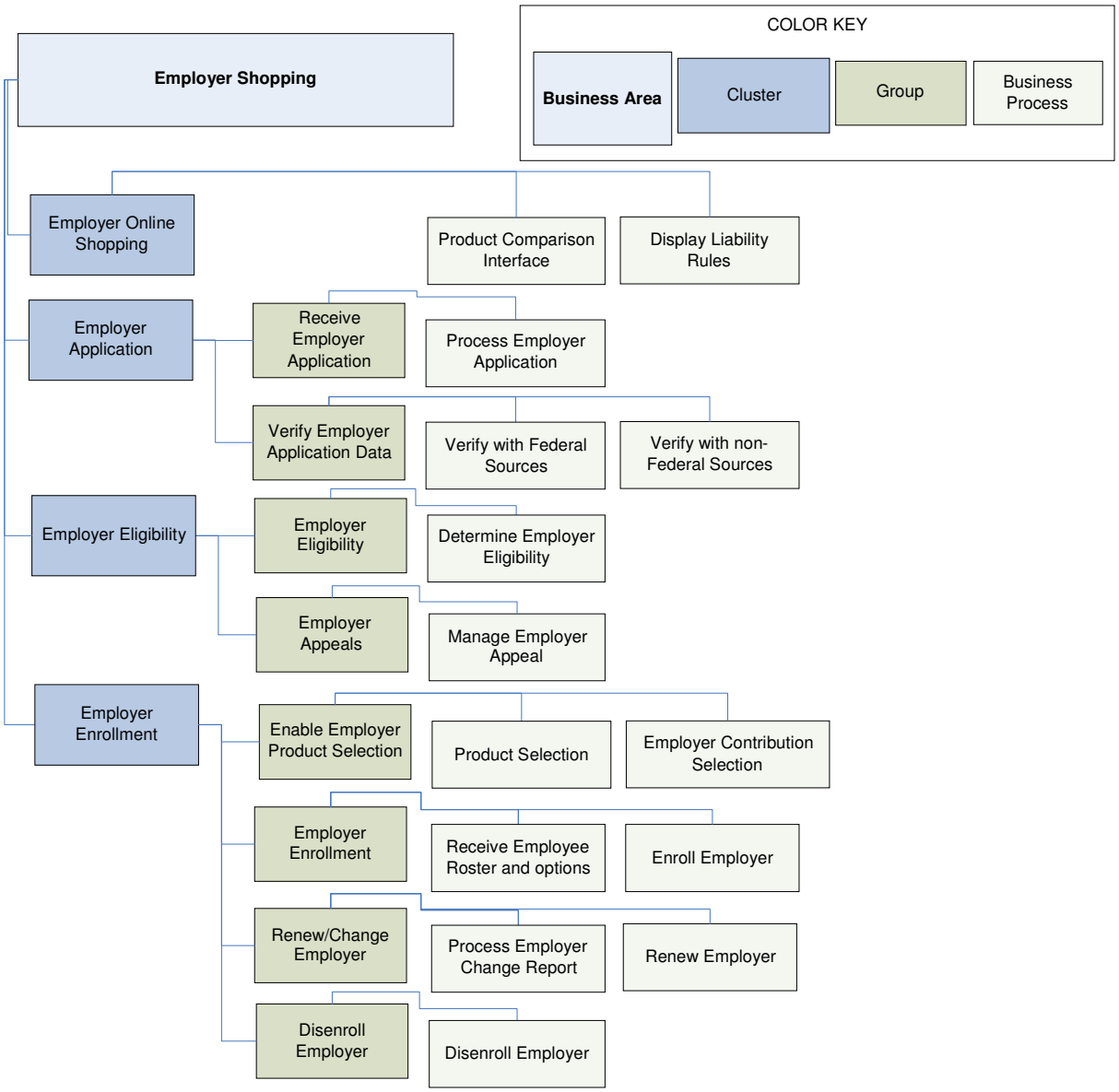
b. Proposal to Meet Program Requirements

Missouri will use Establishment grant funding to build on the evaluation conducted in the planning phase. Specifically, the State will begin to develop policy options related to the design of a SHOP exchange. For example:

- Regulation of the small group market inside and outside of the exchange.
- The exchange purchasing strategy with respect to small employers
- Selection of plans by small employers
- Selection of multiple plans by employees of small employers
- Employer size for the SHOP exchange

Further, recognizing the SHOP will need to be able to serve the needs of small employers at least as effectively as the current market options, the State, together with its consultants and with stakeholder input from consumer groups, community-based organizations, and representatives of small business, will begin to scope out and develop strategy and business requirements for the on-line shopping experience (website), the eligibility and enrollment processes, the implementation of a toll-free telephone hotline to provide for consumer assistance, the plan to market to employers through plans, brokers and paid advertising, QHP management including soliciting bids and negotiating contracts with health plans to offer plans through the exchange website, the ability to coordinate payments from employers to plan, brokers, and vendors, and a mechanism for tracking the exchange's performance over time.

Figure 13: HIE BPM Employer Shopping



II. Evaluative Measures

Missouri plans to execute a comprehensive plan for Establishment grant project monitoring and evaluation by building on the infrastructure developed to date for its exchange planning project. The State's monitoring and evaluation plan encompasses five components:

- Leadership accountability and oversight provided by the HIECC;
- Project workplan development and monitoring;
- Overall project management;
- IT project management; and
- Key indicator monitoring and measurement.

A. HIECC and MHIP Board Leadership Accountability and Oversight

Throughout Missouri's exchange planning project, the HIECC has provided oversight of project activities, progress and success, serving as the leadership group responsible for overall decision-making with regard to the project. The HIECC will meet monthly to review draft project deliverables and approve final deliverables.

Since the Missouri Health Insurance Pool will be named grantee pursuant to this application, the MHIP Board will be accountable for the control of grant funds and will be briefed at each of its meetings as to progress toward fulfilling grant objectives. This application embodies the legislative intent of House Bill 609 and builds on the momentum of that work under the direction of the board of the MHIP as grantee, in conjunction with the other existing governing authorities. The HIECC will continue to provide policy oversight to the project with a special focus on the development of the IT infrastructure required to comply with the provisions of the ACA until the establishment of the Board of Directors for the Show-Me HIE, at which time the HIECC will revert to a role of overseeing overall ACA implementation and coordinating Medicaid and other State program integration with the Show-Me HIE.

The MHIP Board's accountability will continue until such time as the Show-Me HIE Board is appointed and becomes the grantee.

Decisions that should be made by the Show-Me HIE Board will be identified and catalogued to be made by that board at the time that it comes into existence. Neither the HIECC nor the MHIP Board will make decisions on behalf of the Show-Me HIE Board.

The Project Director, John Huff, DIFP Director, is accountable for the work of the project staff and consultants and will provide executive leadership for the project. Director Huff is a member of both the MHIP Board and the HIECC and will serve as the official link between the project staff and the oversight entities.

The following schematics show the relationships of the various parties.

Figure 14: Exchange Implementation Schematic

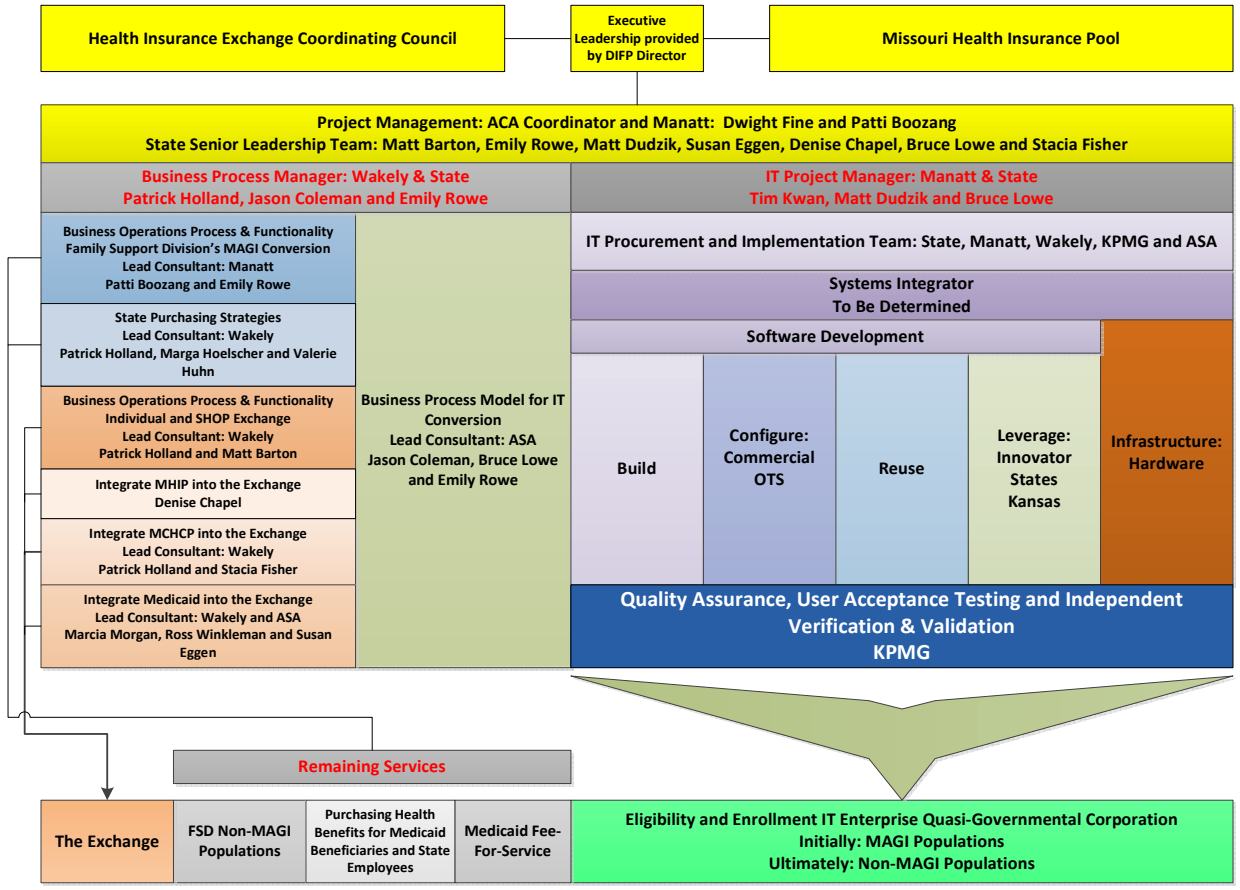
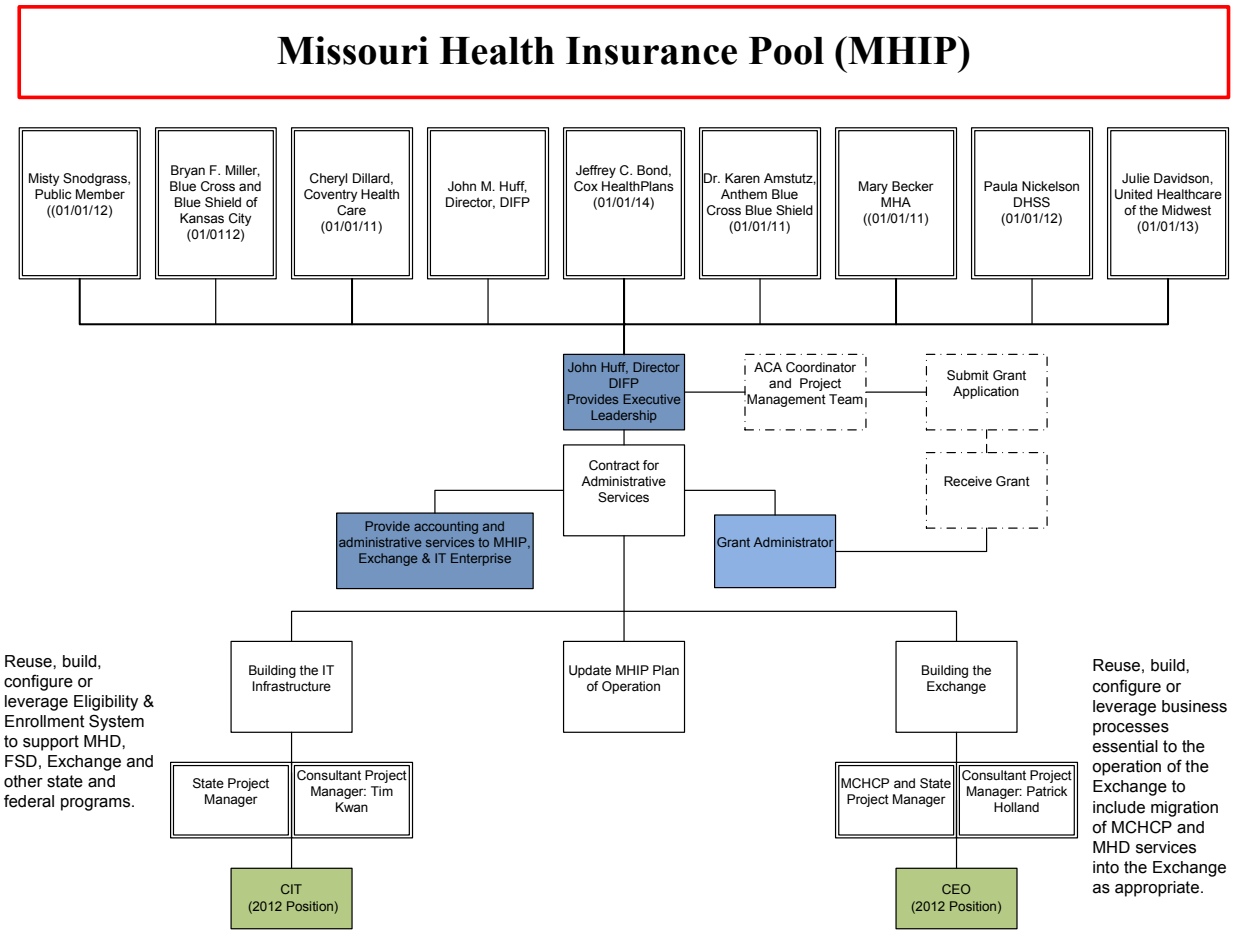


Figure 15: MHIP



B. Project Workplan Development and Monitoring

Since the inception of its planning process, the State has maintained and continuously updated a comprehensive workplan that details tasks, timeframes and deliverables for its Exchange planning and implementation work. The workplan organizes tasks and subtasks by core area, indicates the consultant and/or State team member primarily responsible for driving the task, provides anticipated start and completion dates, and defines deliverables. The State team and its consultants update the workplan on an ongoing basis for new HHS milestones and project progress.

Missouri's HIE Workplan will be a central tool in monitoring and evaluating the State's progress and measuring its success in each of the Exchange Establishment core areas. On-time completion of project tasks and deliverables and real-time mitigation of issues and delays are key strategies to ensuring effective monitoring and evaluation of State progress and measurement of state success.

C. Overall Project Management

Since December 2010, Manatt Health Solutions has served as project manager for Missouri's exchange planning project. The State proposes to use funding received through the Cooperative Agreement to continue to engage Manatt as Project Manager for exchange establishment.

Working with the State team, Manatt manages and guides the work of the State HIE workgroups and stakeholder groups including workplan management, development and facilitation of meeting agendas, meeting facilitation, and preparation of meeting summaries including issues, tasks and next steps. A key tool to facilitating project management activities is Manatt's extranet workspace, a proprietary and password protected website used by consultants, the State project team and the HIECC as a document repository and shared workspace.

In its project management role, Manatt coordinates regular and structured communication with the HIECC, State workgroups, ACA Coordinator, State project staff and consultants. The Manatt project management team facilitates weekly calls with the ACA Coordinator to review status of project workplan, progress with respect to tasks, subtasks and deliverables, project priorities, work dependencies. The project team uses these calls to identify project issues and develop solutions to ensure continued progress. The entire Missouri project team, including the State ACA Coordinator, State project staff, project management staff and consultants participate in bi-weekly phone calls to discuss status of workplan tasks and deliverables, discuss work dependencies, identify issues and/or missed targets, and agree on resolution. State Exchange planning workgroups meet on a monthly basis. Finally, the HIECC meets on a semi-monthly basis.

The State's project management approach has provided an effective mechanism to monitor and evaluate work progress and intervene to correct approaches and work efforts when targets are not met or the project team encounters delays. Missouri's project management capacity will remain a core component of the State's plan to monitor and evaluate its progress and success throughout Exchange Establishment.

D. IT Project Management

Missouri will establish a Project Management Office (PMO) for its exchange IT design, build and implementation work to transition the project effectively and efficiently from planning (concept) into implementation (establishment). The PMO will be responsible for coordination among the vendor (or vendors), State, consultants and all the participants involved with the exchange IT system build. This requires daily oversight by the PMO.

The PMO will be responsible for holding vendors to timelines as well as assisting the vendors in obtaining decisions in a timely manner from the State and other participants so that project timelines are not impacted. The PMO will manage change orders and general scope changes, identify and manage all project issues, and determine stakeholder(s) needed to for issue resolution. The PMO will develop, monitor and update risk management plans.

The PMO will bring both subject matter expertise and "feet on the street" oversight. The PMO will also serve as the operational vehicle for IT governance oversight of the IT system development project.

E. Budget Management

The HIECC will continue to leverage the existing state system and processes for federal grant management until such time that finance staff and accounting and financial management systems are properly developed to allow the Show-Me HIE to assume responsibility for financial and budget management. As indicated in the budget narrative section, finance staff and accounting systems have been identified as a key priority over the upcoming 12-months of the Establishment grant period and should allow the Show-Me HIE to transition budget management during the next year.

F. Additional Key Indicators

While adherence to project workplan tasks, subtasks and deliverables will be the primary key indicators of the State's progress and success in Exchange establishment, the State has identified additional key indicators for measurement for the next year of its Exchange establishment project. These key indicators are summarized by core area in the following table:

Table 16: Key Evaluation Indicators

Core Area	Key Indicator	Baseline Year 1
Stakeholder Engagement	Stakeholder Group Meetings	4 meetings
Stakeholder Engagement	Meetings with other stakeholder entities	8 meetings
Stakeholder Engagement	Meetings that cover all regions of the State	4 meetings
Exchange IT Systems	IT Users Group Meetings	8 meetings
Program Integration	HIECC meetings	8 meetings
Program Integration	Workgroup meetings	8 meetings
Providing Assistance to Individuals and Small Business, Coverage, Complaints and Appeals	Meetings with community based consumer organizations	4 meetings
Providing Assistance to Individuals and Small Business, Coverage, Complaints and Appeals	CAP call volume and call answered rate	100% answer rate
Outreach and Education	Promote website and educational opportunities through informational interviews/meetings with key Missouri media outlets	4-6 per month
Outreach and Education	Outreach to key constituencies through third party validator's articles or advertisements	2-4 placements per month
Outreach and Education	Utilize boilerplate press releases to educate the public on key HIE issues through elected officials and community leaders	2 distributions per month

G. CCIIO Reporting

Missouri will continue to comply with quarterly project reporting requirements detailing to CCIIO its progress in meeting Planning Project milestones, completing project tasks, managing budget and executing deliverables.

III. Work Plan

Missouri's Level 1 Establishment Grant Operations Planning and IT Workplans through September 30, 2012 are submitted as a separate file.

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